

**CITY OF MATTOON, ILLINOIS**

**FINANCIAL STATEMENTS  
WITH ACCOMPANYING INFORMATION**

**For the year ended April 30, 2011  
and  
INDEPENDENT AUDITORS' REPORTS**



**CITY OF MATTOON, ILLINOIS**

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**FINANCIAL SECTION**

# WEST & COMPANY, LLC

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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 April 30, 2011 and for the year ended, which collectively comprise the City of Mattoon, Illinois' 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mayor and City Commissioners  
City of Mattoon  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2011, 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 should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 15, budgetary comparison information on pages 101 through 103, pension plans' Schedules of Funding Progress on pages 97 through 99, and post-employment healthcare benefit program's Schedule of Funding Progress on page 100 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 major fund schedule, 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 major fund schedule, combining and individual nonmajor fund financial statements and schedules, and the combining and individual component unit statements 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.

*Went + Company, LLC*

October 11, 2011

**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, 2011. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the financial statements, which begins on page 16.

**FINANCIAL HIGHLIGHTS**

- The City of Mattoon, excluding pension component units, has total assets of \$91,272,662 and liabilities of \$42,990,112, resulting in net assets of \$48,282,550 as of April 30, 2011. Total assets decreased from April 30, 2010 by \$4,643,353, total liabilities decreased from April 30, 2010 by \$919,561 and net assets decreased from April 30, 2009 by \$3,723,792. Of the net assets as of April 30, 2011, \$47,708,339 represents the City's investment in capital assets, net of related debt, \$2,268,525 is held for restricted purposes, and (\$1,694,314) is unrestricted and available to meet the City's ongoing obligations to its citizens and creditors. The City's cash position in the governmental activities decreased by approximately \$3 million, from \$13.3 million to \$10.3 million. The decrease in assets, net assets and cash can be directly attributed to the redevelopment grant made to Cross County Mall. While the City held the cash to make the grant (\$4,000,000), that cash increased our assets, net assets and cash. After making the grant, the City recorded an expenditure and this decreased those items. The City's cash position in the business-type activities decreased by approximately \$700,000, from \$3.3 million to \$2.6 million.

- The following table shows the changes in major revenue sources from 2010 to 2011.

**City of Mattoon, Illinois  
Changes in Major Revenue Sources  
April 30, 2011**

| <b>Source</b>                                | <b>2011</b>   | <b>2010</b>   | <b>Change</b> |
|--|---------------|---------------|---------------|
| Intergovernmental Shared Revenues            | \$ 9,615,107  | \$ 8,664,548  | \$ 950,559    |
| Property Tax Revenues                        | \$ 4,022,762  | \$ 3,821,484  | \$ 201,278    |
| Utility Tax Revenues                         | \$ 1,303,379  | \$ 1,189,618  | \$ 113,761    |
| Hotel Tax Revenues                           | \$ 284,202    | \$ 238,048    | \$ 46,154     |
| Water Fund Charges for Services              | \$ 3,219,471  | \$ 2,918,141  | \$ 301,330    |
| Sewer Fund Charges for Services              | \$ 3,721,273  | \$ 3,412,385  | \$ 308,888    |
| Governmental Activities Charges for Services | \$ 1,020,245  | \$ 977,034    | \$ 43,211     |
| Table Totals                                 | \$ 23,186,439 | \$ 21,221,258 | \$ 1,965,181  |

- During FY 2011, due to continuing budgetary concerns and personnel issues, the City of Mattoon delayed the development of a plan for the replacement of aging infrastructure and the continuous replacement of the City's aging vehicle fleet. The 2011 – 2012 City Budget contains a vehicle replacement plan for the next five years and also implemented a Mobile Equipment Fund as the funding mechanism for the future purchases. 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. In the past the City has funded capital improvements on a year-to-year basis with little planning for future fiscal years. The continued tightening of the City's budget has made the lack of a capital plan a significant issue. The City Council has made a capital plan a priority for the 2011 – 2012 fiscal year.

- 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.

## **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 16 through 18 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.

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. The proprietary fund financial statements begin on page 24 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 126 through 127 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 33 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 over \$46 million as of April 30, 2011. 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.

In the fiscal year ended April 30, 2010, the Cemetery Fund was considered a business-type activity. However, beginning May 1, 2011, this was reclassified as a governmental activity. Therefore, some variances shown in the following tables are due to this reclassification. The net assets amount at May 1 in the 2011 column in the second table has been restated to reflect the net effect of the reclassification.

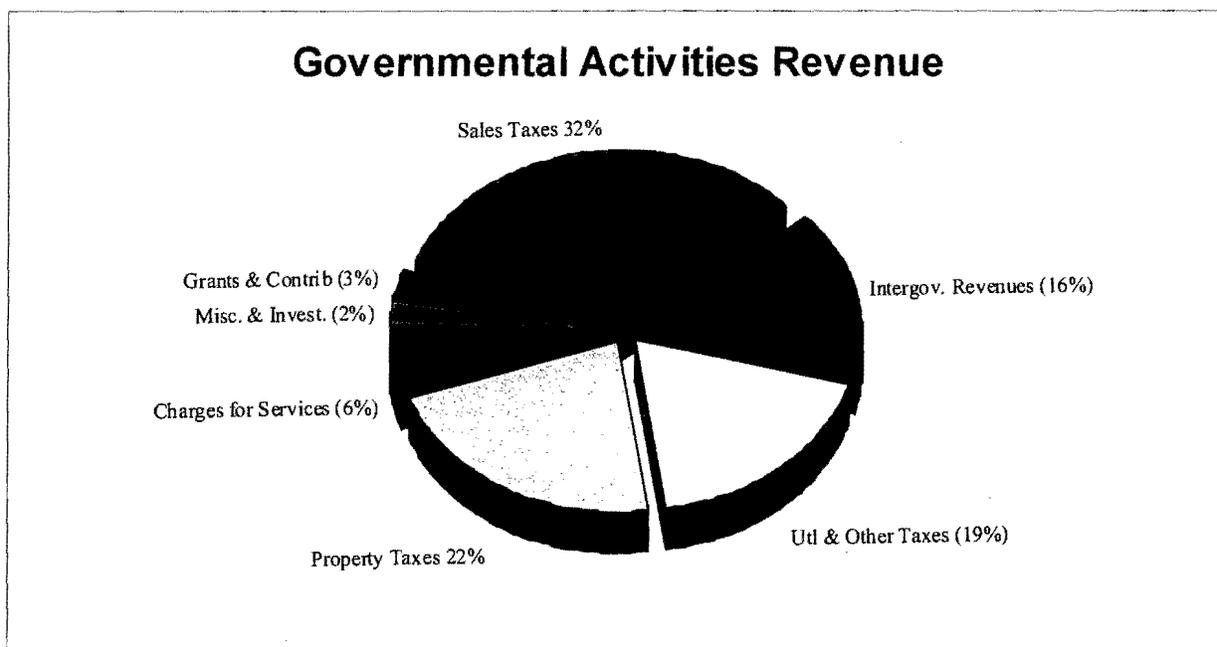
|  | <u>Governmental Activities</u> |                            | <u>Business-Type Activities</u> |                            | <u>Total</u>               |                            |
|--|--------------------------------|----------------------------|---------------------------------|----------------------------|----------------------------|----------------------------|
|  | <u>2011</u>                    | <u>2010</u>                | <u>2011</u>                     | <u>2010</u>                | <u>2011</u>                | <u>2010</u>                |
| Current & Other Assets                                 | \$20,526,870                   | \$24,315,428               | \$3,078,179                     | \$3,587,341                | \$23,605,049               | \$27,902,769               |
| Capital Assets (net)                                   | <u>\$25,691,080</u>            | <u>\$25,333,411</u>        | <u>\$39,968,696</u>             | <u>\$40,695,775</u>        | <u>\$65,659,776</u>        | <u>\$66,029,186</u>        |
| <b>Total Assets</b>                                    | <b><u>\$46,217,950</u></b>     | <b><u>\$49,648,839</u></b> | <b><u>\$43,046,875</u></b>      | <b><u>\$44,283,116</u></b> | <b><u>\$89,264,825</u></b> | <b><u>\$93,931,955</u></b> |
| Current Liabilities                                    | \$6,889,309                    | \$8,518,804                | \$440,913                       | \$952,611                  | \$7,330,222                | \$9,471,415                |
| Non-current Liabilities                                | <u>\$17,558,450</u>            | <u>\$16,028,364</u>        | <u>\$17,939,986</u>             | <u>\$18,324,020</u>        | <u>\$35,498,436</u>        | <u>\$34,352,384</u>        |
| <b>Total Liabilities</b>                               | <b><u>\$24,447,759</u></b>     | <b><u>\$24,547,168</u></b> | <b><u>\$18,380,899</u></b>      | <b><u>\$19,276,631</u></b> | <b><u>\$42,828,658</u></b> | <b><u>\$43,823,799</u></b> |
| Invested in Capital Assets,                            |                                |                            |                                 |                            |                            |                            |
| Net of Debt  | \$21,900,813                   | \$23,048,081               | \$23,966,707                    | \$23,161,214               | \$45,867,520               | \$46,209,295               |
| Restricted   | \$2,243,525                    | \$1,942,135                | \$0                             | \$59,696                   | \$2,243,525                | \$2,001,831                |
| Unrestricted   | <u>(\$2,374,147)</u>           | <u>\$111,455</u>           | <u>\$699,269</u>                | <u>\$1,785,575</u>         | <u>(\$1,674,878)</u>       | <u>\$1,897,030</u>         |
| <b>Total Net Assets</b>                                | <b><u>\$21,770,191</u></b>     | <b><u>\$25,101,671</u></b> | <b><u>\$24,665,976</u></b>      | <b><u>\$25,006,485</u></b> | <b><u>\$46,436,167</u></b> | <b><u>\$50,108,156</u></b> |
| Total Net Assets as a<br>% of Total Liabilities        | 89%                            | 102%                       | 134%                            | 130%                       | 108%                       | 114%                       |
| Unrestricted Net Assets<br>as a % of Total Liabilities | (9.7%)                         | 0.5%                       | 3.8%                            | 9%                         | (3.9%)                     | 4%                         |

As of April 30, 2011, the Governmental Activities have negative Unrestricted Net Assets of \$2,374,147. This is due to the liabilities. The Business Type Activities have unrestricted net Assets of \$699,269. Overall the City is able to report positive balances in net assets for the governmental activities as well as business-type activities.

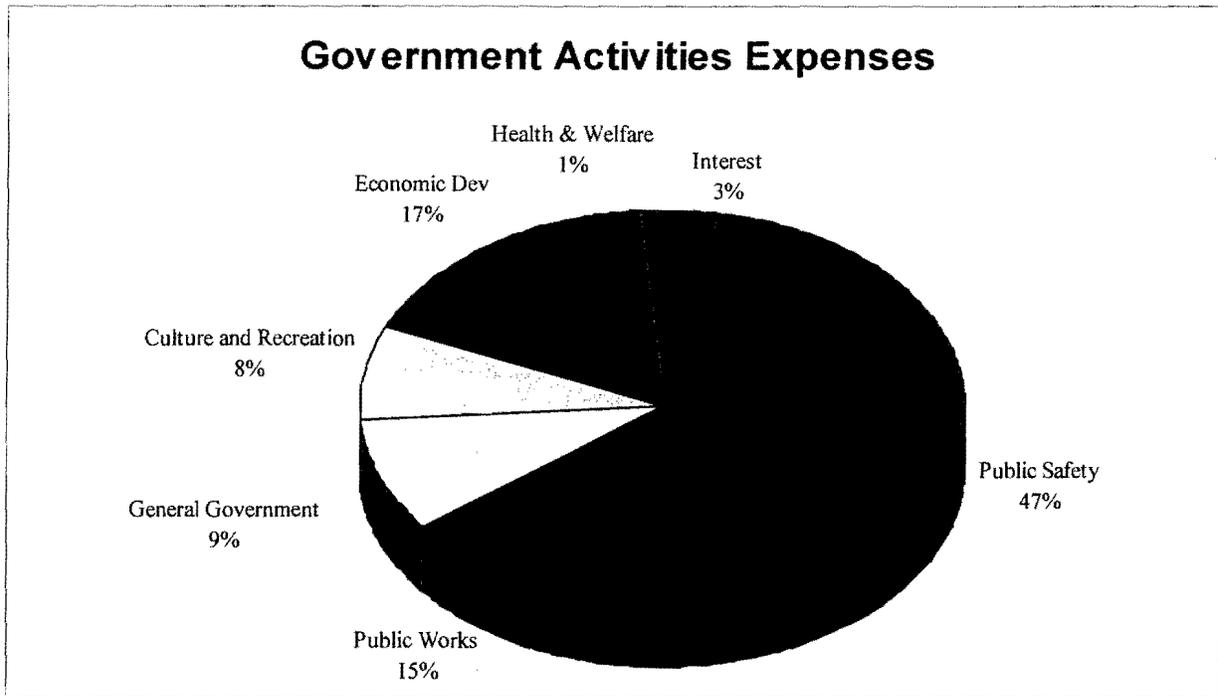
An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

|                                   | Governmental Activities |                     | Business-Type Activities |                    | Total                |                     |
|-----------------------------------|-------------------------|---------------------|--------------------------|--------------------|----------------------|---------------------|
|                                   | 2011                    | 2010                | 2011                     | 2010               | 2011                 | 2010                |
| <b>Revenues</b>                   |                         |                     |                          |                    |                      |                     |
| Program Revenues                  |                         |                     |                          |                    |                      |                     |
| Charges for Services              | \$1,020,245             | \$872,011           | \$6,940,744              | \$6,435,549        | \$7,960,989          | \$7,307,560         |
| Operating Grants & Contr.         | \$193,912               | \$387,777           | \$0                      | \$14,890           | \$193,912            | \$402,667           |
| Capital Grants & Contr.           | \$297,930               | \$2,907,646         | \$8,706                  | \$0                | \$306,636            | \$2,907,646         |
| General Revenues                  |                         |                     |                          |                    |                      |                     |
| Property Taxes                    | \$3,881,483             | \$3,681,530         | \$0                      | \$0                | \$3,881,483          | \$3,681,530         |
| Sales Taxes                       | \$5,812,026             | \$5,527,716         | \$0                      | \$0                | \$5,812,026          | \$5,527,716         |
| Utility Taxes                     | \$1,303,379             | \$1,189,618         | \$0                      | \$0                | \$1,303,379          | \$1,189,618         |
| Telecommunication Taxes           | \$888,673               | \$917,779           | \$0                      | \$0                | \$888,673            | \$917,779           |
| Other Taxes                       | \$1,097,500             | \$1,058,813         | \$0                      | \$0                | \$1,097,500          | \$1,058,813         |
| Intergovernmental Rev.            | \$2,799,684             | \$2,568,198         | \$0                      | \$0                | \$2,799,684          | \$2,568,198         |
| Investments Income                | \$43,756                | \$67,494            | \$40,180                 | \$58,012           | \$83,936             | \$125,506           |
| Miscellaneous Income              | \$346,964               | \$728,643           | \$0                      | \$0                | \$346,964            | \$728,643           |
| Gain (Loss) on Sale of Assets     | \$15,003                | \$652,637           | (\$50,122)               | \$50,646           | (\$35,119)           | \$703,283           |
| <b>Total Revenue</b>              | <b>\$17,700,555</b>     | <b>\$20,559,862</b> | <b>\$6,939,508</b>       | <b>\$6,559,097</b> | <b>\$24,640,063</b>  | <b>\$27,118,959</b> |
| <b>Expenses</b>                   |                         |                     |                          |                    |                      |                     |
| Program Expenses                  |                         |                     |                          |                    |                      |                     |
| General Government                | \$1,973,729             | \$1,806,456         | \$0                      | \$0                | \$1,973,729          | \$1,806,456         |
| Public Safety                     | \$9,937,597             | \$10,268,697        | \$0                      | \$0                | \$9,937,597          | \$10,268,697        |
| Public Works                      | \$3,197,986             | \$3,282,600         | \$0                      | \$0                | \$3,197,986          | \$3,282,600         |
| Health and Welfare                | \$228,228               | \$37,928            | \$0                      | \$0                | \$228,228            | \$37,928            |
| Culture and Recreation            | \$1,693,541             | \$1,609,875         | \$0                      | \$0                | \$1,693,541          | \$1,609,875         |
| Economic Development              | \$3,596,844             | \$1,963,581         | \$0                      | \$0                | \$3,596,844          | \$1,963,581         |
| Interest on Long-Term Debt        | \$652,055               | \$674,062           | \$0                      | \$0                | \$652,055            | \$674,062           |
| Water                             | \$0                     | \$0                 | \$3,304,576              | \$3,199,543        | \$3,304,576          | \$3,199,543         |
| Sewer                             | \$0                     | \$0                 | \$3,727,496              | \$3,904,877        | \$3,727,496          | \$3,904,877         |
| Cemetery                          | \$0                     | \$0                 | \$0                      | \$174,148          | \$0                  | \$174,148           |
| <b>Total Expenses</b>             | <b>\$21,279,980</b>     | <b>\$19,643,199</b> | <b>\$7,032,072</b>       | <b>\$7,278,568</b> | <b>\$28,312,052</b>  | <b>\$26,921,767</b> |
| Increase (decrease) in net assets |                         |                     |                          |                    |                      |                     |
| before transfers                  | (\$3,579,425)           | \$916,663           | (\$92,564)               | (\$719,471)        | (\$3,671,989)        | \$197,192           |
| Transfers                         | \$137,523               | \$135,237           | (\$137,523)              | (\$135,237)        | \$0                  | \$0                 |
| <b>Changes in Net Assets</b>      | <b>(\$3,441,902)</b>    | <b>\$1,051,900</b>  | <b>(\$230,087)</b>       | <b>(\$854,708)</b> | <b>(\$3,671,989)</b> | <b>\$197,192</b>    |
| Net Assets - May 1 (Restated)     | \$25,212,093            | \$24,049,771        | \$24,896,063             | \$25,861,193       | \$50,108,156         | \$49,910,964        |
| Net Assets - April 30             | \$21,770,191            | \$25,101,671        | \$24,665,976             | \$25,006,485       | \$46,436,167         | \$50,108,156        |

The following chart illustrates how governmental activities are funded. Sales taxes provided thirty-two percent (32%) of the governmental activities revenue. Intergovernmental revenues (state shared taxes) provided sixteen percent (16%) of the governmental activities revenue. Property taxes provided twenty-two percent (22%) of the governmental activities revenue. Utility taxes and other taxes provided nineteen percent (19%) of the governmental activities revenue. Taxes, in one form or another, comprised eighty-nine percent (89%) of the governmental activities revenue. The remaining eleven percent (11%) came from Charges for Services, six percent (6%), Miscellaneous and Investment Revenue, two percent (2%), and Grants and Contributions, three percent (3%).



The following chart illustrates the expenditures of the governmental activities. Public Safety (fire and police protection) comprised forty-seven percent (47%) of the total expenditures of the governmental activities. Public works comprised fifteen percent (15%) of the total expenditures of the governmental activities. General government comprised nine percent (9%) of the total expenditures of the governmental activities. The remaining twenty-nine percent (29%) came from expenditures for culture and recreation, eight percent (8%), economic development, seventeen percent (17%), interest, three percent (3%), and health & welfare, one percent (1%).



Business-type activities, water and sewer utilities, depend on charges for services as their primary revenue sources. Approximately ninety-nine percent (99%) 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, 2011, the City of Mattoon's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$12,014,994, a decrease of \$2,108,671 from April 30, 2010. Of the ending fund balances total, \$713,564 is reserved for specific legal requirements and other commitments, leaving total unreserved governmental fund balances of \$11,301,430 available for meeting future budget requirements. The \$11.3 million is broken down as follows: \$2.4 million in the general fund, an increase of \$997,105 from April 30, 2010, \$3.3 million in special revenue funds, a decrease of \$2,310,570 from April 30, 2010, and \$5.6 million in the capital projects fund, a decrease of \$726,355 from April 30, 2010. The decreases in the special revenue funds and the capital projects fund are directly attributable to the expenditures of the funds provided by the bonds issued by the City in late April of 2009. Those expenditures include the redevelopment agreement with the owners of the Cross County Mall and the various capital projects such as the sidewalk replacement plan.

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-two percent (92%) of revenues. Public safety and public works are the primary operations of the General fund. Approximately sixty percent (60%) of the General fund expenditures of \$15.1 million are allocated to the public safety sector. Another twelve percent (12%) of the General fund costs are derived from the general governmental expenditures. Over ten percent (10%) of the General fund's costs are derived from the public works operations.

The General Fund has a fund balance of \$2,439,535, an increase of \$1,057,757 over the balance as of April 30, 2010. The addition of the Cemetery Fund increased the fund balance of the General Fund by \$59,990. The Capital Projects Fund has a fund balance of \$5,638,579, a decrease of \$726,355 over the balance as of April 30, 2010. The Broadway East Business District Fund ended the year with a balance of \$938,159, a decrease of \$2,804,944 over the balance of April 30, 2010. 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 Project Funds may be used to fund the City's various infrastructure projects. The majority of the balance is due to the bond issuance for capital projects that have yet to be constructed. Those projects to be constructed include the south side detention basin and the Public Works building. 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 decrease this fiscal year in the balance is due to the payments made to the Cross County Mall redevelopment project.

With regard to the Other Governmental Funds, the Motor Fuel Tax fund had a total fund balance of \$1,362,979, and the Revolving Loan fund had a total fund balance of \$1,081,524. The Motor Fuel Tax fund balance primarily reflects the amounts designated to pay for maintenance of existing streets, 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, 2011 of \$554,218. The total accumulated fund balances of all the Other Governmental Funds increased by \$364,871 during 2010-2011.

## **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 24 to page 30. The net assets of the enterprise type proprietary funds at the end of 2011 totaled \$24,665,976, a decrease of \$340,509 from the previous year. The Water fund net assets decreased \$109,109; the Sewer fund net assets decreased \$120,978. The removal of the Cemetery Fund decreased the net assets of the enterprise type proprietary funds by \$110,422.

For the year ended April 30, 2011, revenues in the Water fund totaled \$3,219,471 (an increase of \$301,330 from 2010), operating expenses totaled \$3,038,877 (an increase of \$119,655 from 2010) producing operating income of \$180,594 (an increase of \$181,675 from 2010). Non-operating revenues, expenses and transfers netted a decrease of \$289,703, leaving a loss of \$109,109 in the Net Assets of the Water fund. The City Council has implemented a series of water rate increases beginning May 1, 2010.

For the year ended April 30, 2011, revenues in the Sewer fund totaled \$3,721,273 (an increase of \$293,998 from 2010), operating expenses totaled \$3,421,594 (a decrease of \$159,664 from 2010) producing operating income of \$299,679 (an increase of \$453,662 from 2010). Non-operating revenues, expenses and transfers netted a decrease of \$420,657, leaving a loss of \$120,978 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 six years and will continue to have annual increases for the next four years.

## **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 101 & 102. The original 2011 General fund budget authorized expenditures and other financing uses of \$14,987,487 funded by anticipated revenues and other financing sources of \$15,006,687 leaving the amount of revenues and other financing sources over expenditures and other financing uses of \$19,200. The actual amount of expenditures and other financing uses under revenues and other financing sources was \$997,767, a positive budget to actual variance of \$978,567. The budget to actual figures from the General Fund can be found on page 101 through 102.

The major budget variances with regard to General Fund revenues are as follows. Taxes had a positive variance of \$143,526. This amount is entirely from the Utility Tax received from Ameren. In the prior fiscal year the amount received dropped unexpectedly and this resulted in the amount budgeted for FY 2011 being reduced. The actual amount received from Ameren rose back to the levels received in FY 2009 and therefore a positive budget variance resulted. The largest variance in General Fund revenues was from Intergovernmental revenue. Intergovernmental revenues exceeded the budgeted amount by \$756,449. The total variance is largely made up of variance of \$136,701 from Personal Property Replacement Taxes, \$210,326 from Income Tax, \$59,986 from Use Tax, and \$335,335 from Sales Taxes. The variance in Income Taxes is the result of the State of Illinois catching up on its fiscal responsibilities to Illinois' municipalities. The variances in Personal Property Taxes, Use Tax and Sales Taxes are the result of the improving economy and the conservative estimates used to formulate the budget. General Fund Expenditures had an overall negative variance of \$833,238. After an allocation of the capital outlay and debt associated items back to their respective departments, the total variance is made up of a negative variance in General Government of \$282,062, which is mainly due to higher health insurance costs and costs incurred due to the negotiation of the union contracts; a negative variance in Public Safety of \$292,162, which is due in large part to the improvements made to the Police Department building and personnel costs in the Police and Fire Departments; a negative variance in Public Works of \$166,279, in excess of \$119,000 of this variance is due to the payment of the early retirement incentive offered to the employees covered by the Illinois Municipal Retirement Fund and the remainder is due to the unbudgeted purchase of a used bucket truck. Other financing uses had a positive variance of \$875,659. This variance is comprised of \$677,671 from the issuance of long-term debt for the ERI and Energy Savings project; \$67,523 from Transfers in which includes amounts transferred from other funds for the engineering work performed by the engineering department; \$77,977 from Transfers out being lower due to the non-home rule sales tax being lower than budgeted; and the \$52,488 from the sale of assets for which nothing was budgeted.

#### **BROADWAY EAST BUSINESS DISTRICT FUND BUDGETARY HIGHLIGHTS**

The Broadway East Business District Fund budget to actual variance for the year ended April 30, 2011 was a negative \$2,824,135. The reason for this large variance is the grant from the business district to Cross County Mall under the redevelopment agreement for the improvements to the Cross County Mall. The City neglected to budget this amount for the fiscal year ended April 30, 2011.

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 110.

## 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, 2011. As summarized in the table below, the City's reported investment in capital assets for governmental and business-type activities as of April 30, 2011 totaled \$147.7 million. Forty-six percent (46%) 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-four percent (54%) 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 \$82 million, or approximately fifty-six percent (56%) of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is \$65.6 million.

#### City of Mattoon, Illinois Capital Assets, Net of Accumulated Depreciation April 30, 2011

| Classification                       | Governmental<br>Activities | Business-type<br>Activities | Total                 |
|--------------------------------------|----------------------------|-----------------------------|-----------------------|
| Land                                 | \$ 3,360,687               | \$ 587,155<br>\$ 12,903,657 | \$ 3,947,842          |
| Buildings and Improvements           | \$ 6,526,504               |                             | \$ 19,430,161         |
| Equipment, furniture and vehicles    | \$ 5,828,253<br>\$ 745,448 | \$ 3,188,647                | \$ 9,016,900          |
| Improvements other than buildings    |                            | \$ 213,861                  | \$ 959,309            |
| Infrastructure                       | \$ 59,230,603              | \$ -                        | \$ 59,230,603         |
| Treat. collect. and distrib. systems | \$ -                       | \$ 50,826,329               | \$ 50,826,329         |
| Construction in Progress             | \$ 3,536,149               | \$ 736,968                  | \$ 4,273,117          |
| Subtotal                             | <u>\$ 79,227,644</u>       | <u>\$ 68,456,617</u>        | <u>\$147,684,261</u>  |
| Less Accumulated Depreciation        | <u>\$(53,536,564)</u>      | <u>\$(28,487,921)</u>       | <u>\$(82,024,485)</u> |
| Total                                | <u>\$ 25,691,080</u>       | <u>\$ 39,968,696</u>        | <u>\$ 65,659,776</u>  |

## Long-Term Liabilities

On April 30, 2011, the City of Mattoon had \$35,498,436 of long-term liabilities outstanding (an increase of \$1,146,052 from April 30, 2010), as summarized in the following table:

**City of Mattoon, Illinois**  
**General Obligation Bonds, Notes Outstanding and Other Long-Term Liabilities**  
**April 30, 2011**

| Classification             | Governmental<br>Activities | Business-type<br>Activities | Total                |
|----------------------------|----------------------------|-----------------------------|----------------------|
| General Obligation Bonds   | \$ 12,002,202              | \$ 5,174,117                | \$ 17,176,319        |
| Notes Payable              | \$ 1,525,202               | \$ 11,926,111               | \$ 13,451,313        |
| Capital Leases             | \$ 553,555                 | \$ 13,158                   | \$ 566,713           |
| Compensated Absences       | \$ 848,764                 | \$ 159,256                  | \$ 1,008,020         |
| Post-Employment Healthcare | \$ 2,628,727               | \$ 667,344                  | \$ 3,296,071         |
| Total                      | <u>\$ 17,558,450</u>       | <u>\$ 17,939,986</u>        | <u>\$ 35,498,436</u> |

During the year ended April 30, 2011 the City issued \$2,000,000 in new debt. This new debt was used to fund the early retirement incentive offered to employees who participate in the Illinois Municipal Retirement Fund and to fund improvements related to the energy savings grant. The existing liabilities decreased by \$2,357,133 over April 30, 2010 and the Post-Employment Healthcare Benefits liabilities increased \$880,290 during this fiscal year. Detailed information regarding specific debt can be found in notes 11, 12, 13, 14, and 15 beginning on page 67.

## 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](http://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 19<sup>th</sup> 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, 2011**

|   | <u>Primary Government</u>          |                                     |                      | <b>Component<br/>Unit</b>             |
|---|------------------------------------|-------------------------------------|----------------------|---------------------------------------|
|   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>         | <b>Mattoon<br/>Public<br/>Library</b> |
| <b>ASSETS:</b>                                    |                                    |                                     |                      |                                       |
| Cash and cash equivalents                         | \$ 10,304,495                      | \$ 1,678,350                        | \$ 11,982,845        | \$ 25,011                             |
| Certificates of deposit                           | --                                 | 790,696                             | 790,696              | --                                    |
| Investments, at fair value                        | 108                                | 19                                  | 127                  | 6,646                                 |
| Receivables                                       | 8,731,380                          | 385,904                             | 9,117,284            | 27,939                                |
| Internal balances                                 | 21,012                             | (21,012)                            | --                   | --                                    |
| Due from primary government                       | --                                 | --                                  | --                   | 3,284                                 |
| Due from component units                          | 1,200                              | --                                  | 1,200                | --                                    |
| Prepaid items                                     | 147,897                            | 6,250                               | 154,147              | --                                    |
| Long-term receivables                             | 628,682                            | --                                  | 628,682              | --                                    |
| Restricted assets:                                |                                    |                                     |                      |                                       |
| Cash and cash equivalents                         | 375,862                            | 120,721                             | 496,583              | --                                    |
| Certificates of deposit                           | 8,456                              | --                                  | 8,456                | --                                    |
| Investments, at fair value                        | --                                 | --                                  | --                   | 25,000                                |
| Deferred bond issue expense                       | 247,126                            | 117,251                             | 364,377              | --                                    |
| Cemetery development                              | 60,652                             | --                                  | 60,652               | --                                    |
| Capital assets (net of accumulated depreciation): |                                    |                                     |                      |                                       |
| Land  | 3,360,687                          | 587,155                             | 3,947,842            | --                                    |
| Buildings and building improvements               | 4,151,467                          | 8,488,265                           | 12,639,732           | 1,914,656                             |
| Improvements other than buildings                 | 708,175                            | 85,131                              | 793,306              | --                                    |
| Treatment, collection and distribution systems    | --                                 | 28,688,632                          | 28,688,632           | --                                    |
| Infrastructure                                    | 13,354,107                         | --                                  | 13,354,107           | --                                    |
| Equipment, furniture and vehicles                 | 580,495                            | 1,382,545                           | 1,963,040            | 5,301                                 |
| Construction in progress                          | 3,536,149                          | 736,968                             | 4,273,117            | --                                    |
| <b>Total assets</b>                               | <b>\$ 46,217,950</b>               | <b>\$ 43,046,875</b>                | <b>\$ 89,264,825</b> | <b>\$ 2,007,837</b>                   |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF NET ASSETS  
(CONTINUED)  
April 30, 2011**

|   | Primary Government      |                          |                      | Component Unit         |
|---|-------------------------|--------------------------|----------------------|------------------------|
|   | Governmental Activities | Business-type Activities | Total                | Mattoon Public Library |
| <b>LIABILITIES:</b>                             |                         |                          |                      |                        |
| Accounts payable                                | \$ 329,606              | \$ 68,481                | \$ 398,087           | \$ 1,556               |
| Cash overdraft                                  | 22,253                  | --                       | 22,253               | --                     |
| Payroll liabilities payable                     | 222,504                 | 76,311                   | 298,815              | 188                    |
| Other accrued expenses                          | 240,168                 | 175,400                  | 415,568              | 1,307                  |
| Due to primary government                       | --                      | --                       | --                   | 1,200                  |
| Due to component units                          | 3,284                   | --                       | 3,284                | --                     |
| Deferred revenue                                | 4,186,824               | --                       | 4,186,824            | --                     |
| Short-term note payable                         | 1,614,047               | --                       | 1,614,047            | --                     |
| Liabilities payable from restricted assets:     |                         |                          |                      |                        |
| Other payables                                  | 3,516                   | 120,721                  | 124,237              | --                     |
| Advances from component units                   | 267,107                 | --                       | 267,107              | --                     |
| Non-current liabilities:                        |                         |                          |                      |                        |
| Due within one year                             | 1,159,806               | 1,866,338                | 3,026,144            | 15,910                 |
| Due in more than one year                       | 16,398,644              | 16,073,648               | 32,472,292           | 141,293                |
| <b>Total liabilities</b>                        | <b>24,447,759</b>       | <b>18,380,899</b>        | <b>42,828,658</b>    | <b>161,454</b>         |
| <b>NET ASSETS:</b>                              |                         |                          |                      |                        |
| Invested in capital assets, net of related debt | 21,900,813              | 23,966,707               | 45,867,520           | 1,840,819              |
| Restricted for:                                 |                         |                          |                      |                        |
| Public safety                                   | 136,588                 | --                       | 136,588              | --                     |
| Highways and streets                            | 1,362,979               | --                       | 1,362,979            | --                     |
| Culture and recreation                          | 129,568                 | --                       | 129,568              | --                     |
| Economic development                            | 370,662                 | --                       | 370,662              | --                     |
| Cemetery maintenance                            | 243,728                 | --                       | 243,728              | --                     |
| Permanent endowment:                            |                         |                          |                      |                        |
| Nonexpendable                                   | --                      | --                       | --                   | 25,000                 |
| Unrestricted                                    | (2,374,147)             | 699,269                  | (1,674,878)          | (19,436)               |
| <b>Total net assets</b>                         | <b>\$ 21,770,191</b>    | <b>\$ 24,665,976</b>     | <b>\$ 46,436,167</b> | <b>\$ 1,846,383</b>    |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF ACTIVITIES**

**For the year ended April 30, 2011**

|   | 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                              |                          |                      |                        |
|   |                      |                      |                                    |                                  | Governmental Activities                         | Business-type Activities | Total                | Mattoon Public Library |
| <b>FUNCTIONS/PROGRAMS:</b>              |                      |                      |                                    |                                  |   |                          |                      |                        |
| Primary government:                     |                      |                      |                                    |                                  |   |                          |                      |                        |
| Governmental activities:                |                      |                      |                                    |                                  |   |                          |                      |                        |
| General government                      | \$ 1,973,729         | \$ 209,702           | \$ -                               | \$ -                             | \$ (1,764,027)                                  | \$ -                     | \$ (1,764,027)       |                        |
| Public safety                           | 9,937,597            | 301,301              | 158,369                            | 34,001                           | (9,443,926)                                     | -                        | (9,443,926)          |                        |
| Public works                            | 3,197,986            | 81,687               | 31,404                             | 263,929                          | (2,820,966)                                     | -                        | (2,820,966)          |                        |
| Health and welfare                      | 228,228              | 104,860              | -                                  | -                                | (123,368)                                       | -                        | (123,368)            |                        |
| Culture and recreation                  | 1,693,541            | 322,695              | -                                  | -                                | (1,370,846)                                     | -                        | (1,370,846)          |                        |
| Economic development                    | 3,596,844            | -                    | 4,139                              | -                                | (3,592,705)                                     | -                        | (3,592,705)          |                        |
| Interest on long-term debt              | 652,055              | -                    | -                                  | -                                | (652,055)                                       | -                        | (652,055)            |                        |
| Total governmental activities           | <u>21,279,980</u>    | <u>1,020,245</u>     | <u>193,912</u>                     | <u>297,930</u>                   | <u>(19,767,893)</u>                             | <u>-</u>                 | <u>(19,767,893)</u>  |                        |
| Business-type activities:               |                      |                      |                                    |                                  |   |                          |                      |                        |
| Water                                   | 3,304,576            | 3,219,471            | -                                  | 4,943                            | -   | (80,162)                 | (80,162)             |                        |
| Sewer                                   | 3,727,496            | 3,721,273            | -                                  | 3,763                            | -   | (2,460)                  | (2,460)              |                        |
| Total business-type activities          | <u>7,032,072</u>     | <u>6,940,744</u>     | <u>-</u>                           | <u>8,706</u>                     | <u>-</u>  | <u>(82,622)</u>          | <u>(82,622)</u>      |                        |
| Total primary government                | <u>\$ 28,312,052</u> | <u>\$ 7,960,989</u>  | <u>\$ 193,912</u>                  | <u>\$ 306,636</u>                | <u>(19,767,893)</u>                             | <u>(82,622)</u>          | <u>(19,850,515)</u>  |                        |
| Component Unit:                         |                      |                      |                                    |                                  |   |                          |                      |                        |
| Mattoon Public Library                  | <u>\$ 611,467</u>    | <u>\$ 18,665</u>     | <u>\$ 33,830</u>                   | <u>\$ 27,939</u>                 |   |                          |                      | <u>\$ (531,033)</u>    |
| General revenues:                       |                      |                      |                                    |                                  |   |                          |                      |                        |
| Property taxes                          |                      |                      |                                    |                                  | 3,607,334                                       | -                        | 3,607,334            | -                      |
| TIF property tax increment              |                      |                      |                                    |                                  | 274,149   | -                        | 274,149              | -                      |
| Telecommunication taxes                 |                      |                      |                                    |                                  | 888,673   | -                        | 888,673              | -                      |
| Utility taxes                           |                      |                      |                                    |                                  | 1,303,379                                       | -                        | 1,303,379            | -                      |
| Business district taxes                 |                      |                      |                                    |                                  | 368,212   | -                        | 368,212              | -                      |
| Other taxes                             |                      |                      |                                    |                                  | 729,288   | -                        | 729,288              | -                      |
| Payments from primary government        |                      |                      |                                    |                                  | -   | -                        | -                    | 467,757                |
| Sales taxes                             |                      |                      |                                    |                                  | 5,812,026                                       | -                        | 5,812,026            | -                      |
| Income and use taxes                    |                      |                      |                                    |                                  | 1,676,471                                       | -                        | 1,676,471            | -                      |
| Other intergovernmental revenues        |                      |                      |                                    |                                  | 1,123,213                                       | -                        | 1,123,213            | -                      |
| Investment income                       |                      |                      |                                    |                                  | 43,756  | 40,180                   | 83,936               | 3,999                  |
| Miscellaneous income                    |                      |                      |                                    |                                  | 346,964   | -                        | 346,964              | 7,474                  |
| Gain (loss) on sale of capital assets   |                      |                      |                                    |                                  | 15,003  | (50,122)                 | (35,119)             | -                      |
| Transfers                               |                      |                      |                                    |                                  | 137,523   | (137,523)                | -                    | -                      |
| Total general revenues and transfers    |                      |                      |                                    |                                  | <u>16,325,991</u>                               | <u>(147,465)</u>         | <u>16,178,526</u>    | <u>479,230</u>         |
| Change in net assets                    |                      |                      |                                    |                                  | <u>(3,441,902)</u>                              | <u>(230,087)</u>         | <u>(3,671,989)</u>   | <u>(51,803)</u>        |
| Net assets, beginning of year, restated |                      |                      |                                    |                                  | <u>25,212,093</u>                               | <u>24,896,063</u>        | <u>50,108,156</u>    | <u>1,898,186</u>       |
| Net assets, end of year                 |                      |                      |                                    |                                  | <u>\$ 21,770,191</u>                            | <u>\$ 24,665,976</u>     | <u>\$ 46,436,167</u> | <u>\$ 1,846,383</u>    |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
April 30, 2011**

|  | <b>General<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Broadway<br/>East Business<br/>District Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Totals</b>        |
|--|-------------------------|--------------------------------------|---|---|----------------------|
| <b>ASSETS:</b>                             |                         |                                      |   |   |                      |
| Cash and cash equivalents                  | \$ 1,391,273            | \$ 5,521,355                         | \$ 885,674  | \$ 2,271,292                            | \$ 10,069,594        |
| Investments, at fair value                 | 108                     | --                                   | --  | --                                      | 108                  |
| Receivables                                | 8,039,494               | 101,686                              | 75,829  | 492,136                                 | 8,709,145            |
| Due from other funds                       | 71,945                  | 117,418                              | --  | 48,919                                  | 238,282              |
| Due from component units                   | 1,200                   | --                                   | --  | --                                      | 1,200                |
| Prepaid items                              | --                      | --                                   | --  | 19,075                                  | 19,075               |
| Long-term receivables                      | --                      | --                                   | --  | 628,682                                 | 628,682              |
| Advances to other fund                     | --                      | --                                   | --  | 5,155                                   | 5,155                |
| Cemetery development                       | 60,652                  | --                                   | --  | --                                      | 60,652               |
| Restricted assets:                         |                         |                                      |   |   |                      |
| Cash and cash equivalents                  | 371,860                 | --                                   | --  | --                                      | 371,860              |
| Certificates of deposit                    | 8,456                   | --                                   | --  | --                                      | 8,456                |
| <b>Total assets</b>                        | <b>\$ 9,944,988</b>     | <b>\$ 5,740,459</b>                  | <b>\$ 961,503</b>                                   | <b>\$ 3,465,259</b>                     | <b>\$ 20,112,209</b> |
| <b>LIABILITIES AND FUND BALANCES:</b>      |                         |                                      |   |   |                      |
| <b>Liabilities:</b>                        |                         |                                      |   |   |                      |
| Accounts payable                           | \$ 103,143              | \$ 194                               | \$ --   | \$ 58,564                               | \$ 161,901           |
| Cash overdraft                             | --                      | --                                   | --  | 22,212                                  | 22,212               |
| Payroll liabilities payable                | 220,289                 | --                                   | --  | 2,215                                   | 222,504              |
| Due to other funds                         | 373,116                 | --                                   | --  | 72,634                                  | 445,750              |
| Deferred revenue                           | 4,922,596               | 101,686                              | 23,344  | 310,913                                 | 5,358,539            |
| Short-term note payable                    | 1,614,047               | --                                   | --  | --                                      | 1,614,047            |
| Advances from other funds                  | 5,155                   | --                                   | --  | --                                      | 5,155                |
| Advances from component units              | 267,107                 | --                                   | --  | --                                      | 267,107              |
| <b>Total liabilities</b>                   | <b>7,505,453</b>        | <b>101,880</b>                       | <b>23,344</b>                                       | <b>466,538</b>                          | <b>8,097,215</b>     |
| <b>Fund balances:</b>                      |                         |                                      |   |   |                      |
| <b>Reserved for:</b>                       |                         |                                      |   |   |                      |
| Prepaid items                              | --                      | --                                   | --  | 19,075                                  | 19,075               |
| Advances                                   | --                      | --                                   | --  | 5,155                                   | 5,155                |
| Long-term receivables                      | --                      | --                                   | --  | 628,682                                 | 628,682              |
| Cemetery development                       | 60,652                  | --                                   | --  | --                                      | 60,652               |
| <b>Unreserved, reported in:</b>            |                         |                                      |   |   |                      |
| General fund                               | 2,378,883               | --                                   | --  | --                                      | 2,378,883            |
| <b>Special revenue funds:</b>              |                         |                                      |   |   |                      |
| Undesignated                               | --                      | --                                   | 938,159   | 2,345,809                               | 3,283,968            |
| Capital projects fund                      | --                      | 5,638,579                            | --  | --                                      | 5,638,579            |
| <b>Total fund balances</b>                 | <b>2,439,535</b>        | <b>5,638,579</b>                     | <b>938,159</b>                                      | <b>2,998,721</b>                        | <b>12,014,994</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 9,944,988</b>     | <b>\$ 5,740,459</b>                  | <b>\$ 961,503</b>                                   | <b>\$ 3,465,259</b>                     | <b>\$ 20,112,209</b> |

The accompanying notes are an integral part of these financial statements

CITY OF MATTOON, ILLINOIS

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

April 30, 2011

|  |                      |
|--|----------------------|
| Total fund balances, governmental funds  | \$ 12,014,994        |
| Amounts reported for governmental activities in the<br>statement of net assets are different because:  |                      |
| Capital assets used in governmental activities are not<br>financial resources and, therefore, not reported<br>in the funds.  | 25,691,080           |
| Other long-term assets are not available to pay for<br>current-period expenditures and, therefore, are<br>deferred in the funds.   | 1,171,715            |
| Internal service funds are used by management to charge the<br>costs of certain activities, such as insurance, to individual funds.<br>The assets and liabilities of the internal service funds are<br>included in governmental activities in the statement of net assets. | 443,894              |
| Long-term liabilities, including bonds payable, are not due<br>and payable in the current period and, therefore, are<br>not reported in the funds.   | <u>(17,551,492)</u>  |
| Net assets of governmental activities  | <u>\$ 21,770,191</u> |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended April 30, 2011**

|   | <u>General Fund</u>  | <u>Capital<br/>Projects Fund</u> | <u>Broadway<br/>East Business<br/>District Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Totals</u>        |
|---|----------------------|----------------------------------|---|---|----------------------|
| <b>Revenues:</b>                            |                      |                                  |   |   |                      |
| Taxes                                       | \$ 6,250,361         | \$ --                            | \$ 334,588  | \$ 597,187                              | \$ 7,182,136         |
| Licenses and permits                        | 180,578              | --                               | --  | --                                      | 180,578              |
| Intergovernmental revenues                  | 8,385,822            | 435,678                          | --  | 559,956                                 | 9,381,456            |
| Charges for services                        | 720,514              | --                               | --  | --                                      | 720,514              |
| Fines and forfeitures                       | 111,233              | --                               | --  | --                                      | 111,233              |
| Investment income                           | 8,453                | 8,137                            | 4,032   | 23,134                                  | 43,756               |
| Contributions and miscellaneous<br>revenues | 215,872              | 10,565                           | --  | 120,527                                 | 346,964              |
| <b>Total revenues</b>                       | <b>15,872,833</b>    | <b>454,380</b>                   | <b>338,620</b>                                      | <b>1,300,804</b>                        | <b>17,966,637</b>    |
| <b>Expenditures:</b>                        |                      |                                  |   |   |                      |
| <b>Current:</b>                             |                      |                                  |   |   |                      |
| General government                          | 1,835,218            | 1,529                            | --  | --                                      | 1,836,747            |
| Public safety                               | 9,087,278            | --                               | --  | --                                      | 9,087,278            |
| Public works                                | 1,576,183            | 92,720                           | --  | 568,499                                 | 2,237,402            |
| Health and welfare                          | 206,060              | --                               | --  | --                                      | 206,060              |
| Culture and recreation                      | 1,185,428            | 896                              | --  | 407,031                                 | 1,593,355            |
| Economic development                        | 114,536              | 5,105                            | 2,820,327   | 656,876                                 | 3,596,844            |
| Capital outlay                              | 371,170              | 1,296,572                        | --  | --                                      | 1,667,742            |
| <b>Debt service:</b>                        |                      |                                  |   |   |                      |
| Principal                                   | 554,921              | 40,000                           | --  | 52,807                                  | 647,728              |
| Interest and fiscal charges                 | 189,931              | 353,526                          | 323,237   | 13,130                                  | 879,824              |
| <b>Total expenditures</b>                   | <b>\$ 15,120,725</b> | <b>\$ 1,790,348</b>              | <b>\$ 3,143,564</b>                                 | <b>\$ 1,698,343</b>                     | <b>\$ 21,752,980</b> |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(CONTINUED)  
GOVERNMENTAL FUNDS  
For the year ended April 30, 2011**

|  | <u>General Fund</u> | <u>Capital<br/>Projects Fund</u> | <u>Broadway<br/>East Business<br/>District Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Totals</u>  |
|--|---------------------|----------------------------------|---|---|----------------|
| Excess (deficiency) of revenues<br>over (under) expenditures | \$ 752,108          | \$ (1,335,968)                   | \$ (2,804,944)                                      | \$ (397,539)                            | \$ (3,786,343) |
| Other financing sources (uses):                              |                     |                                  |   |   |                |
| Transfers in   | 137,523             | 609,613                          | --  | 12,410                                  | 759,546        |
| Transfers out  | (622,023)           | --                               | --  | --                                      | (622,023)      |
| Proceeds from sale of assets                                 | 52,488              | --                               | --  | --                                      | 52,488         |
| Issuance of long-term debt                                   | 677,671             | --                               | --  | 750,000                                 | 1,427,671      |
| Total other financing sources (uses)                         | 245,659             | 609,613                          | --  | 762,410                                 | 1,617,682      |
| Net change in fund balances                                  | 997,767             | (726,355)                        | (2,804,944)   | 364,871                                 | (2,168,661)    |
| Fund balances, beginning of year, restated                   | 1,441,768           | 6,364,934                        | 3,743,103   | 2,633,850                               | 14,183,655     |
| Fund balances, end of year                                   | \$ 2,439,535        | \$ 5,638,579                     | \$ 938,159  | \$ 2,998,721                            | \$ 12,014,994  |

The accompanying notes are an integral part of these 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, 2011**

Net changes in fund balances, governmental funds \$ (2,168,661)

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. 316,384

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets. (37,485)

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. (281,085)

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. (779,943)

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. (491,112)

Changes in net assets of governmental activities \$ (3,441,902)

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

**April 30, 2011**

|   | <u>Business-type Activities - Enterprise Funds</u> |                      |                      | <u>Governmental<br/>Activities</u> |
|---|--|----------------------|----------------------|------------------------------------|
|   | <u>Water Fund</u>                                  | <u>Sewer Fund</u>    | <u>Totals</u>        | <u>Internal Service<br/>Funds</u>  |
|   | <b>ASSETS:</b>                                     |                      |                      |                                    |
| Current assets:                                   |  |                      |                      |                                    |
| Cash and cash equivalents                         | \$ 253,067   | \$ 1,425,283         | \$ 1,678,350         | \$ 234,901                         |
| Certificates of deposit                           | 363,984  | 426,712              | 790,696              | --                                 |
| Investments, at fair value                        | 19   | --                   | 19                   | --                                 |
| Receivables                                       | 154,670  | 231,234              | 385,904              | 22,235                             |
| Due from other funds                              | 5,318  | 8,301                | 13,619               | 242,124                            |
| Prepaid items                                     | --   | 6,250                | 6,250                | 128,822                            |
| Total current assets                              | <u>777,058</u>                                     | <u>2,097,780</u>     | <u>2,874,838</u>     | <u>628,082</u>                     |
| Noncurrent assets:                                |  |                      |                      |                                    |
| Restricted assets:                                |  |                      |                      |                                    |
| Cash and cash equivalents                         | 120,721  | --                   | 120,721              | 4,002                              |
| Deferred bond issue expense                       | 78,605   | 38,646               | 117,251              | --                                 |
| Capital assets:                                   |  |                      |                      |                                    |
| Land  | 378,724  | 208,431              | 587,155              | --                                 |
| Buildings and building<br>improvements            | 12,059,614   | 844,043              | 12,903,657           | --                                 |
| Improvements other than buildings                 | 202,859  | 11,002               | 213,861              | --                                 |
| Treatment, collection and<br>distribution systems | 12,386,885   | 38,439,444           | 50,826,329           | --                                 |
| Equipment, furniture and vehicles                 | 1,666,843  | 1,521,804            | 3,188,647            | --                                 |
| Construction in progress                          | 457,877  | 279,091              | 736,968              | --                                 |
| Less accumulated depreciation                     | (9,777,222)  | (18,710,699)         | (28,487,921)         | --                                 |
| Total noncurrent assets                           | <u>17,574,906</u>                                  | <u>22,631,762</u>    | <u>40,206,668</u>    | <u>4,002</u>                       |
| Total assets                                      | <u>\$ 18,351,964</u>                               | <u>\$ 24,729,542</u> | <u>\$ 43,081,506</u> | <u>\$ 632,084</u>                  |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF NET ASSETS  
(CONTINUED)**

**PROPRIETARY FUNDS**

**April 30, 2011**

|  | <u>Business-type Activities - Enterprise Funds</u> |                      |                      | <u>Governmental<br/>Activities</u> |
|--|--|----------------------|----------------------|------------------------------------|
|  | <u>Water Fund</u>                                  | <u>Sewer Fund</u>    | <u>Totals</u>        | <u>Internal Service<br/>Funds</u>  |
| <b>LIABILITIES:</b>  |  |                      |                      |                                    |
| Current liabilities:   |  |                      |                      |                                    |
| Accounts payable   | \$ 44,481  | \$ 24,000            | \$ 68,481            | \$ 167,705                         |
| Cash overdraft   | --   | --                   | --                   | 41                                 |
| Payroll liabilities payable  | 32,311   | 44,000               | 76,311               | --                                 |
| Accrued interest   | 94,400   | 81,000               | 175,400              | --                                 |
| Due to other funds   | 16,386   | 18,245               | 34,631               | 13,644                             |
| Due to component units   | --   | --                   | --                   | 3,284                              |
| Compensated absences payable - current   | 20,670   | 11,181               | 31,851               | --                                 |
| General obligation bonds - current   | 515,000  | 315,000              | 830,000              | --                                 |
| Capital lease obligation - current   | 6,579  | 6,579                | 13,158               | --                                 |
| Notes payable - current  | 474,473  | 516,856              | 991,329              | --                                 |
| Payable from restricted assets:  |  |                      |                      |                                    |
| Other payables   | 120,721  | --                   | 120,721              | 3,516                              |
| Total current liabilities  | <u>1,325,021</u>                                   | <u>1,016,861</u>     | <u>2,341,882</u>     | <u>188,190</u>                     |
| Noncurrent liabilities:  |  |                      |                      |                                    |
| Long-term debt payable:  |  |                      |                      |                                    |
| General obligation bonds payable<br>(net of unamortized discounts<br>and premiums and deferred<br>amount on refunding) | 2,192,100  | 2,152,017            | 4,344,117            | --                                 |
| Notes payable  | 4,320,368  | 6,614,414            | 10,934,782           | --                                 |
| Compensated absences payable   | 82,681   | 44,724               | 127,405              | --                                 |
| Post-employment healthcare benefits obligation   | 339,150  | 328,194              | 667,344              | --                                 |
| Total noncurrent liabilities   | <u>6,934,299</u>                                   | <u>9,139,349</u>     | <u>16,073,648</u>    | <u>--</u>                          |
| Total liabilities  | <u>8,259,320</u>                                   | <u>10,156,210</u>    | <u>18,415,530</u>    | <u>188,190</u>                     |
| <b>NET ASSETS:</b>   |  |                      |                      |                                    |
| Invested in capital assets, net<br>of related debt   | 10,503,048   | 13,463,659           | 23,966,707           | --                                 |
| Unrestricted   | (410,404)  | 1,109,673            | 699,269              | 443,894                            |
| Total net assets   | <u>\$ 10,092,644</u>                               | <u>\$ 14,573,332</u> | <u>\$ 24,665,976</u> | <u>\$ 443,894</u>                  |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

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

**For the year ended April 30, 2011**

|   | <u>Business-type Activities - Enterprise Funds</u> |                   |                   | <u>Governmental</u>               |
|---|--|-------------------|-------------------|-----------------------------------|
|   |  |                   |                   | <u>Activities</u>                 |
|   | <u>Water Fund</u>                                  | <u>Sewer Fund</u> | <u>Totals</u>     | <u>Internal<br/>Service Funds</u> |
| Operating revenues:                     |  |                   |                   |                                   |
| Charges for services                    | \$ 3,219,471                                       | \$ 3,721,273      | \$ 6,940,744      | \$ --                             |
| Fund charges and employee contributions | --   | --                | --                | 3,365,992                         |
| Insurance reimbursements                | --   | --                | --                | 34,299                            |
| Miscellaneous operating revenues        | --   | --                | --                | 125,465                           |
| <b>Total operating revenue</b>          | <b>3,219,471</b>                                   | <b>3,721,273</b>  | <b>6,940,744</b>  | <b>3,525,756</b>                  |
| Operating expenses:                     |  |                   |                   |                                   |
| Reservoirs and sources of supply        | 42,354   | --                | 42,354            | --                                |
| Water treatment plant                   | 1,152,351  | --                | 1,152,351         | --                                |
| Water distribution                      | 475,342  | --                | 475,342           | --                                |
| Sewer collection system                 | --   | 521,299           | 521,299           | --                                |
| Sewer lift stations                     | --   | 51,408            | 51,408            | --                                |
| Wastewater treatment plant              | --   | 1,070,051         | 1,070,051         | --                                |
| Accounting and collection               | 263,384  | 262,146           | 525,530           | --                                |
| Administrative and general              | 475,653  | 470,900           | 946,553           | 142,378                           |
| Insurance                               | --   | --                | --                | 977,525                           |
| Health claims and uninsured judgments   | --   | --                | --                | 2,405,885                         |
| Depreciation                            | 629,793  | 1,045,790         | 1,675,583         | --                                |
| <b>Total operating expenses</b>         | <b>3,038,877</b>                                   | <b>3,421,594</b>  | <b>6,460,471</b>  | <b>3,525,788</b>                  |
| <b>Operating income (loss)</b>          | <b>\$ 180,594</b>                                  | <b>\$ 299,679</b> | <b>\$ 480,273</b> | <b>\$ (32)</b>                    |

The accompanying notes are an integral part of these 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, 2011**

|  | <u>Business-type Activities - Enterprise Funds</u> |                          |                          | <u>Governmental<br/>Activities</u> |
|--|--|--------------------------|--------------------------|------------------------------------|
|  | <u>Water Fund</u>                                  | <u>Sewer Fund</u>        | <u>Totals</u>            | <u>Internal Service<br/>Funds</u>  |
| Non-operating revenues<br>(expenses):          |  |                          |                          |                                    |
| Investment income                              | \$ 27,745  | \$ 12,435                | \$ 40,180                | \$ 32                              |
| Capital grant revenue                          | 4,943  | 3,763                    | 8,706                    | --                                 |
| Interest expense                               | (251,999)  | (299,767)                | (551,766)                | --                                 |
| Loss on sale of<br>capital assets              | (8,988)  | (41,134)                 | (50,122)                 | --                                 |
| Bond issuance costs                            | (13,700)   | (6,135)                  | (19,835)                 | --                                 |
| <br>Total non-operating<br>revenues (expenses) | <br>(241,999)                                      | <br>(330,838)            | <br>(572,837)            | <br>32                             |
| <br>Income (loss) before transfers             | <br>(61,405)                                       | <br>(31,159)             | <br>(92,564)             | <br>--                             |
| <br>Transfers out                              | <br>(47,704)                                       | <br>(89,819)             | <br>(137,523)            | <br>--                             |
| <br>Change in net assets                       | <br>(109,109)                                      | <br>(120,978)            | <br>(230,087)            | <br>--                             |
| <br>Net assets, beginning of year, restated    | <br><u>10,201,753</u>                              | <br><u>14,694,310</u>    | <br><u>24,896,063</u>    | <br><u>443,894</u>                 |
| <br>Net assets, end of year                    | <br><u>\$ 10,092,644</u>                           | <br><u>\$ 14,573,332</u> | <br><u>\$ 24,665,976</u> | <br><u>\$ 443,894</u>              |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the year ended April 30, 2011**

|   | <u>Business-type Activities - Enterprise Funds</u> |                       |                       | <u>Governmental</u>                     |
|---|--|-----------------------|-----------------------|---|
|   | <u>Water Fund</u>                                  | <u>Sewer Fund</u>     | <u>Totals</u>         | <u>Internal Service</u><br><u>Funds</u> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                      |  |                       |                       |   |
| Receipts from customers and users                                 | \$ 3,215,534                                       | \$ 3,695,999          | \$ 6,911,533          | \$ --                                   |
| Receipts from interfund services provided                         | --   | --                    | --                    | 2,878,928                               |
| Receipts from component units                                     | --   | --                    | --                    | 40,037                                  |
| Receipts from employees and retirees                              | --   | --                    | --                    | 508,483                                 |
| Payments to employees   | (787,263)  | (812,849)             | (1,600,112)           | --                                      |
| Payments to suppliers   | (1,546,837)  | (1,436,453)           | (2,983,290)           | (1,051,165)                             |
| Payments to claimants   | --   | --                    | --                    | (2,427,589)                             |
| Payments for interfund services used                              | (280,600)  | (336,461)             | (617,061)             | --                                      |
| Other receipts  | --   | --                    | --                    | 237,384                                 |
| <b>Net cash provided by operating activities</b>                  | <b>600,834</b>                                     | <b>1,110,236</b>      | <b>1,711,070</b>      | <b>186,078</b>                          |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>           |  |                       |                       |   |
| Transfers out   | (47,704)   | (89,819)              | (137,523)             | --                                      |
| <b>Net cash used for noncapital financing activities</b>          | <b>(47,704)</b>                                    | <b>(89,819)</b>       | <b>(137,523)</b>      | <b>--</b>                               |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>  |  |                       |                       |   |
| Purchases of capital assets                                       | (638,868)  | (462,681)             | (1,101,549)           | --                                      |
| Proceeds from capital grants                                      | 4,301  | --                    | 4,301                 | --                                      |
| Proceeds from issuance of debt                                    | 659,296  | 522,645               | 1,181,941             | --                                      |
| Principal payments on debt  | (900,088)  | (768,967)             | (1,669,055)           | --                                      |
| Interest and fiscal charges                                       | (236,906)  | (293,513)             | (530,419)             | --                                      |
| Proceeds from sale of assets                                      | 24,152   | --                    | 24,152                | --                                      |
| <b>Net cash used for capital and related financing activities</b> | <b>\$ (1,088,113)</b>                              | <b>\$ (1,002,516)</b> | <b>\$ (2,090,629)</b> | <b>\$ --</b>                            |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF CASH FLOWS  
(CONTINUED)**

**PROPRIETARY FUNDS**

**For the year ended April 30, 2011**

|  | <u>Business-type Activities - Enterprise Funds</u> |                     |                     | <u>Governmental</u>                     |
|--|--|---------------------|---------------------|---|
|  | <u>Water Fund</u>                                  | <u>Sewer Fund</u>   | <u>Totals</u>       | <u>Internal Service</u><br><u>Funds</u> |
| <b>CASH FLOWS FROM INVESTING</b>                               |  |                     |                     |   |
| <b>ACTIVITIES:</b>   |  |                     |                     |   |
| Investment income received (net of expense)                    | \$ 23,011  | \$ 6,509            | \$ 29,520           | \$ 32                                   |
| Proceeds from the sale of investments                          | 359,689  | --                  | 359,689             | --                                      |
| Net cash provided by investing activities                      | <u>382,700</u>                                     | <u>6,509</u>        | <u>389,209</u>      | <u>32</u>                               |
| Net increase (decrease) in cash                                | (152,283)  | 24,410              | (127,873)           | 186,110                                 |
| Cash, restricted and unrestricted, beginning of year, restated | <u>526,071</u>                                     | <u>1,400,873</u>    | <u>1,926,944</u>    | <u>52,752</u>                           |
| Cash, restricted and unrestricted, end of year                 | <u>\$ 373,788</u>                                  | <u>\$ 1,425,283</u> | <u>\$ 1,799,071</u> | <u>\$ 238,862</u>                       |
| <br><b>PER STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>     |  |                     |                     |   |
| <b>ASSETS:</b>   |  |                     |                     |   |
| Current assets:  |  |                     |                     |   |
| Cash and cash equivalents                                      | \$ 253,067   | \$ 1,425,283        | \$ 1,678,350        | \$ 234,901                              |
| Noncurrent assets:   |  |                     |                     |   |
| Restricted assets:   |  |                     |                     |   |
| Cash and cash equivalents                                      | 120,721  | --                  | 120,721             | 4002                                    |
| <br><b>LIABILITIES:</b>  |  |                     |                     |   |
| Current liabilities:   |  |                     |                     |   |
| Cash overdraft   | --   | --                  | --                  | (41)                                    |
|  | <u>\$ 373,788</u>                                  | <u>\$ 1,425,283</u> | <u>\$ 1,799,071</u> | <u>\$ 238,862</u>                       |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**(CONTINUED)**  
**PROPRIETARY FUNDS**  
**For the year ended April 30, 2011**

|  | Business-type Activities - Enterprise Funds |              |              | Governmental<br>Activities |
|--|---|--------------|--------------|----------------------------|
|  | Water Fund                                  | Sewer Fund   | Totals       | Internal<br>Service Funds  |
| Reconciliation of operating income to net cash provided by operating activities:                   |   |              |              |                            |
| Operating income (loss)  | \$ 180,594                                  | \$ 299,679   | \$ 480,273   | \$ (32)                    |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: |   |              |              |                            |
| Depreciation   | 629,793                                     | 1,045,790    | 1,675,583    | --                         |
| (Increase) decrease in receivables   | (6,458)                                     | (25,274)     | (31,732)     | 100,046                    |
| (Increase) decrease in due from other funds  | (5,318)                                     | (8,301)      | (13,619)     | 47,132                     |
| (Increase) decrease in due from component units  | --  | --           | --           | 521                        |
| (Increase) decrease in prepaid items   | --  | --           | --           | (43,816)                   |
| Increase (decrease) in accounts payable  | 5,346                                       | (68,753)     | (63,407)     | 64,908                     |
| Increase (decrease) in payroll liabilities payable   | 3,962                                       | (3,132)      | 830          | --                         |
| Increase (decrease) in early retirement incentive payable  | (236,441)                                   | (203,384)    | (439,825)    | --                         |
| Increase (decrease) in due to other funds  | (322)                                       | (782)        | (1,104)      | 13,644                     |
| Increase (decrease) in due to component units  | --  | --           | --           | 159                        |
| Increase (decrease) in compensated absences payable  | (56,886)                                    | (16,256)     | (73,142)     | --                         |
| Increase (decrease) in meter deposits payable  | 2,521                                       | --           | 2,521        | --                         |
| Increase (decrease) in other post-employment benefits payable                                      | 84,043                                      | 90,649       | 174,692      | --                         |
| Increase (decrease) in other payables  | --  | --           | --           | 3,516                      |
| Net cash provided by operating activities  | \$ 600,834                                  | \$ 1,110,236 | \$ 1,711,070 | \$ 186,078                 |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY COMPONENT UNITS**  
**April 30, 2011**

|   | <u>Pension<br/>Component<br/>Units</u> |
|---|--|
| <b>ASSETS:</b>  |  |
| Cash  | \$ 2,581,046                           |
| Interest receivable   | <u>135,387</u>                         |
| Purchased interest  | <u>2,268</u>                           |
| Due from primary government   | <u>267,107</u>                         |
| Investments, at fair value:   |  |
| U.S. government obligations   | 11,851,576                             |
| Insurance contracts   | 14,752,501                             |
| Certificates of deposit   | <u>177,434</u>                         |
| Total investments   | <u>26,781,511</u>                      |
| Total assets  | 29,767,319                             |
| <b>LIABILITIES:</b>   |  |
| Pensions payable  | <u>297,523</u>                         |
| <b>NET ASSETS:</b>  |  |
| Held in trust for pension benefits<br>(a schedule of funding progress is presented<br>on pages 98-99) | <u>\$ 29,469,796</u>                   |

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

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

**For the year ended April 30, 2011**

|   | <u>Pension<br/>Component<br/>Units</u> |
|---|--|
| Additions:                                  |  |
| Contributions:                              |  |
| Employer                                    | \$ 2,518,016                           |
| Plan members                                | <u>377,123</u>                         |
| Total contributions                         | <u>2,895,139</u>                       |
| Investment income:                          |  |
| Interest income                             | 579,834                                |
| Net increase in fair value of investments   | <u>1,128,418</u>                       |
| Net investment income                       | <u>1,708,252</u>                       |
| Total additions                             | <u>4,603,391</u>                       |
| Deductions:                                 |  |
| Benefits and refunds of contributions       | 3,508,023                              |
| Miscellaneous                               | <u>25,274</u>                          |
| Total deductions                            | <u>3,533,297</u>                       |
| Change in net assets                        | 1,070,094                              |
| Net assets held in trust, beginning of year | <u>28,399,702</u>                      |
| Net assets held in trust, end of year       | <u>\$ 29,469,796</u>                   |

The accompanying notes are an integral part of these 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).

**Broadway East Business District Fund** – This Special Revenue 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.).

The City of Mattoon reports the following nonmajor governmental 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:

**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)**

**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 4<sup>th</sup> 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:

**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 2009 tax extension to the City on May 26, 2010, June 21, 2010, September 24, 2010, and November 19, 2010. The City Council adopted the 2010 tax levy (receivable in calendar year 2011) on December 21, 2010. For governmental fund financial statements, the 2010 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 2010 property tax levy is also deferred in the government-wide statements, since the levy is intended to finance fiscal year 2012 expenditures. Property tax revenues recorded in these financial statements are from the 2009 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, 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 and in the proprietary fund 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 appropriate 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 \$2,243,525 of restricted net assets, of which \$129,568 is restricted by enabling legislation.

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.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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   | \$ (11,960,000)            |
| Less: Deferred charge on refunding (to be amortized as interest expense)  | 46,541                     |
| Plus: Deferred issuance premium (to be amortized as interest expense)   | (88,743)                   |
| Less: Deferred charge for issuance costs (to be amortized over life of debt)  | 247,126                    |
| Accrued interest payable  | (240,168)                  |
| Capital leases payable  | (553,555)                  |
| Notes payable   | (1,525,202)                |
| Compensated absences payable  | (848,764)                  |
| Post-employment healthcare benefits obligation  | <u>(2,628,727)</u>         |
| <br>Net adjustment to reduce "total fund balances, governmental funds" to arrive at "net assets of governmental activities" | <br><u>\$ (17,551,492)</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  | \$ | 1,667,742          |
| Depreciation expense  |    | <u>(1,351,358)</u> |
|   |    |                    |
| Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities" | \$ | <u>316,384</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   | \$ | 15,003          |
| Proceeds from sale of assets  |    | <u>(52,488)</u> |
|   |    |                 |
| Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities" | \$ | <u>(37,485)</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   |                     |
| Note payable borrowings   | \$ (1,427,671)      |
| Principal repayments  |                     |
| General obligation bonds  | 417,000             |
| Capital leases  | 57,670              |
| Notes payable   | <u>173,058</u>      |
| Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities" | <u>\$ (779,943)</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  | \$ (13,283)         |
| Accrued interest  | 247,183             |
| Amortization of deferred charge on refunding  | (8,320)             |
| Amortization of deferred bond premium   | 5,396               |
| Amortization of deferred bond issuance costs  | (16,490)            |
| Post-employment healthcare benefits obligation  | <u>(705,598)</u>    |
| Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities" | <u>\$ (491,112)</u> |

3. DEPOSITS AND INVESTMENTS

A. Deposits

At April 30, 2011, the carrying amount of the primary government's deposits was \$4,897,602 and the bank balance was \$5,297,973. The governmental component unit (Mattoon Public Library) had deposits with a carrying amount of \$24,825 and bank balances totaling \$62,640. The fiduciary component units had deposits with a carrying amount of \$2,457,837 and bank balances totaling \$2,458,093. The primary government and governmental component unit (Mattoon Public Library) had cash on hand of \$730 and \$186, respectively.

**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, 2011, the government and its component units did not have any bank balances exposed to custodial credit risk.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

At April 30, 2011, the City's primary government had the following investments:

| <u>Investment Type</u>           | <u>Fair Value</u>   | <u>Average<br/>Credit Rating</u> | <u>Weighted<br/>Average<br/>Maturity<br/>(Years)</u> |
|----------------------------------|---------------------|----------------------------------|--|
| Corporate equity                 | \$ 52               | N/A                              | N/A  |
| Preferred corporate equity       | 75                  | N/A                              | N/A  |
| Illinois Funds Money Market Fund | 8,225,204           | AAAm                             | Demand *   |
| Money market accounts            | <u>132,791</u>      | AAAm/Aaa                         | 0.09 *   |
| Total                            | <u>\$ 8,358,122</u> |                                  |  |

\* These accounts are subject to immediate withdrawal and are reflected as cash equivalents in the financial statements.

At April 30, 2011, the City's governmental component unit (Mattoon Public Library) had the following investment:

| <u>Investment Type</u>  | <u>Fair Value</u> | <u>Average<br/>Credit Rating</u> | <u>Weighted<br/>Average<br/>Maturity<br/>(Years)</u> |
|---|-------------------|----------------------------------|--|
| Investment pool - Southeastern<br>Illinois Community Foundation | <u>\$ 31,646</u>  | N/A                              | N/A  |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

**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.

At April 30, 2011, the City's fiduciary component units had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u>    | <u>Average<br/>Credit Rating</u> | <u>Weighted<br/>Average<br/>Maturity<br/>(Years)</u> |
|------------------------|----------------------|----------------------------------|--|
| U.S. agencies          | \$ 11,851,576        | AAA                              | 19.20  |
| Insurance contracts    | 14,752,501           | A/A1                             | N/A  |
| Money market account   | <u>300,643</u>       | N/A                              | 0.14   |
| Total                  | <u>\$ 26,904,720</u> |                                  |  |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

**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.

**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.

## CITY OF MATTOON, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

#### 3. DEPOSITS AND INVESTMENTS (CONTINUED)

##### B. Investments (Continued)

##### **Credit Risk** (Continued)

As of April 30, 2011, the City of Mattoon Police Pension Fund and Fire Pension Fund had investments with AIG Annuity Company totaling \$6,650,296 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.

##### **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.

**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

**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 Mortgage Corporation (16.74%), the Federal National Mortgage Association (26.34%), AIG Annuity Insurance Company annuities (24.72%), and ING Life Insurance annuities (30.11%).

**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<br/>government</u> | <u>Governmental-<br/>Type<br/>Component<br/>Unit (Mattoon<br/>Public Library)</u> | <u>Fiduciary-Type<br/>Component<br/>Units<br/>(Pensions)</u> |
|--|-------------------------------|---|--|
| Deposits, investments, and cash on hand per notes:                           |                               |   |  |
| Deposits   | \$ 4,897,602                  | \$ 24,825   | \$ 2,457,837   |
| Investments  | 8,358,122                     | 31,646  | 26,904,720   |
| Cash on hand   | <u>730</u>                    | <u>186</u>  | <u>--</u>  |
| <br>Total deposits, investments, and cash on hand                            | <br><u>\$ 13,256,454</u>      | <br><u>\$ 56,657</u>  | <br><u>\$ 29,362,557</u>                                     |
| <br>Cash, certificates of deposit, and investments per statements:           |                               |   |  |
| Cash and cash equivalents  | \$ 11,982,845                 | \$ 25,011   | \$ 2,581,046   |
| Certificates of deposit  | 790,696                       | --  | 177,434  |
| Investments  | 127                           | 6,646   | 26,604,077   |
| Restricted assets:   |                               |   |  |
| Cash and cash equivalents  | 496,583                       | --  | --   |
| Certificates of deposit  | 8,456                         | --  | --   |
| Investments, at fair value   | --                            | 25,000  | --   |
| Cash overdraft   | <u>(22,253)</u>               | <u>--</u>   | <u>--</u>  |
| <br>Total cash and cash equivalents, certificates of deposit and investments | <br><u>\$ 13,256,454</u>      | <br><u>\$ 56,657</u>  | <br><u>\$ 29,362,557</u>                                     |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

4. RECEIVABLES

Receivables balances as of April 30, 2011 for the primary government were as follows:

|  | Governmental Activities |                          |  |                                |
|--|-------------------------|--------------------------|--|--------------------------------|
|  | General Fund            | Capital<br>Projects Fund | Broadway East<br>Business<br>District Fund | Other<br>Governmental<br>Funds |
|  | Property taxes          | \$ 3,874,717             | \$ --                                      | \$ --                          |
| TIF property tax increment             | --                      | --                       | --   | 297,055                        |
| Utility taxes                          | 98,341                  | --                       | --   | --                             |
| Telecommunications<br>taxes            | 218,847                 | --                       | --   | --                             |
| Income and use taxes                   | 581,268                 | --                       | --   | --                             |
| Sales taxes                            | 1,471,029               | --                       | --   | --                             |
| Personal property<br>replacement taxes | 72,686                  | --                       | --   | --                             |
| Motor fuel taxes                       | --                      | --                       | --   | 37,751                         |
| Other taxes                            | --                      | --                       | 75,829                                     | 44,948                         |
| Grants                                 | 10,186                  | 101,686                  | --   | --                             |
| Other receivables                      | 98,373                  | --                       | --   | 112,382                        |
| Coles Together pledges                 | 1,614,047               | --                       | --   | --                             |
| Totals                                 | <u>\$ 8,039,494</u>     | <u>\$ 101,686</u>        | <u>\$ 75,829</u>                           | <u>\$ 492,136</u>              |

|                      | Business-type Activities |                   |
|----------------------|--------------------------|-------------------|
|                      | Water Fund               | Sewer Fund        |
| Grants               | \$ 642                   | \$ 3,763          |
| Customer receivables | 152,862                  | 226,571           |
| Other receivables    | 1,166                    | 900               |
| Totals               | <u>\$ 154,670</u>        | <u>\$ 231,234</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, 2011:

**Due to/from other funds**

|                                  | Receivable     | Payable        |
|----------------------------------|----------------|----------------|
| <b>Governmental Funds:</b>       |                |                |
| General Fund                     | \$ 71,945      | \$ 373,116     |
| Capital Projects Fund            | 117,418        | --             |
| <b>Other Governmental Funds:</b> |                |                |
| Motor Fuel Tax Fund              | 33,427         | --             |
| Hotel and Motel Tax Fund         | 25             | 689            |
| Revolving Loan Fund              | 15,467         | 1,100          |
| I-57 East Business District Fund | --             | 1,269          |
| South Rt 45 TIF District Fund    | --             | 69,576         |
| Total other governmental funds   | 48,919         | 72,634         |
| <br>Total governmental funds     | <br>238,282    | <br>445,750    |
| <br><b>Proprietary Funds:</b>    |                |                |
| <b>Enterprise Funds:</b>         |                |                |
| Water Fund                       | 5,318          | 16,386         |
| Sewer Fund                       | 8,301          | 18,245         |
| Total enterprise funds           | 13,619         | 34,631         |
| <b>Internal Service Funds:</b>   |                |                |
| Health Insurance Fund            | 160,354        | --             |
| Insurance and Tort Judgment Fund | 81,770         | 13,644         |
| Total internal service funds     | 242,124        | 13,644         |
| <br>Total proprietary funds      | <br>255,743    | <br>48,275     |
| <br>Due to/from other funds      | <br>\$ 494,025 | <br>\$ 494,025 |

**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 Revolving Loan Fund is the reimbursement of an expenditure of the Revolving Loan Fund paid by the General Fund. The amount receivable to the General Fund from the I-57 East Business District Fund and South Rt 45 TIF District 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 Hotel and Motel Tax Fund consists of an overpayment of charges due from the Insurance and Tort Judgment 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 amounts receivable to the Water Fund and Sewer Fund consist of an overpayment of charges due from the Insurance and Tort Judgment 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, and Sewer Fund. The amount receivable to the Insurance and Tort Judgment Fund consists of charges for services due from the General Fund.

**Advance to/from other funds**

|                             | Receivable | Payable  |
|-----------------------------|------------|----------|
| Governmental Funds:         |            |          |
| General Fund                | \$ --      | \$ 5,155 |
| Other Governmental Funds:   |            |          |
| Revolving Loan Fund         | 5,155      | --       |
| Advance to/from other funds | \$ 5,155   | \$ 5,155 |

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 consisted of the following at April 30, 2011:

**Due between primary government and component units**

|  | <u>Receivable</u> | <u>Payable</u> |
|--|-------------------|----------------|
| Primary Government:                                |                   |                |
| Governmental Fund:                                 |                   |                |
| General Fund                                       | \$ 1,200          | \$ --          |
| Proprietary Funds:                                 |                   |                |
| Internal Service Funds:                            |                   |                |
| Health Insurance Fund                              | --                | 1,939          |
| Insurance and Tort Judgment Fund                   | --                | 1,345          |
| Total internal service funds                       | --                | 3,284          |
| Total primary government                           | 1,200             | 3,284          |
| Component Units:                                   |                   |                |
| Governmental Component Unit:                       |                   |                |
| Mattoon Public Library                             | 3,284             | 1,200          |
| Due between primary government and component units | \$ 4,484          | \$ 4,484       |

The amount receivable to the General Fund from the Library is the reimbursement of expenditures of the Library paid by the General Fund. The amount receivable to the Mattoon Public Library component unit consists of overpayments of charges from the Health Insurance Fund and the Insurance and Tort Judgment Fund.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Advance between primary government and component units**

|  | <u>Receivable</u> | <u>Payable</u> |
|--|-------------------|----------------|
| Governmental Funds:                                    |                   |                |
| General Fund   | \$ --             | \$ 267,107     |
| Component Units:                                       |                   |                |
| Fiduciary Component Units:                             |                   |                |
| Mattoon Firefighters Pension Fund                      | 184,239           | --             |
| Mattoon Police Pension Fund                            | 82,868            | --             |
| Total fiduciary component units                        | 267,107           | --             |
| Advance between primary government and component units | \$ 267,107        | \$ 267,107     |

The amounts receivable to the Fiduciary Component Units consist of the long-term portion of personal property taxes due from the General Fund.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

**6. CAPITAL ASSETS**

Effective May 1, 2010, the City of Mattoon determined that the Cemetery Fund, part of the Business-type Activities, should be reclassified to Governmental Activities. See note 29 for further information on the reclassification. As a result, the Cemetery Fund's portion of capital assets, previously reported with Business-type Activities, were transferred to Governmental Activities. The changes by capital asset category are reported in the analyses below.

|  | Balance<br>April 30, 2010 | Cemetery<br>Balance<br>April 30, 2010 | Restated<br>Balance<br>April 30, 2010 |
|--|---------------------------|---------------------------------------|---------------------------------------|
| Primary government:                              |                           |                                       |                                       |
| Governmental activities:                         |                           |                                       |                                       |
| Capital assets not being depreciated:            |                           |                                       |                                       |
| Land   | \$ 3,359,287              | \$ 1,400                              | \$ 3,360,687                          |
| Total capital assets not being depreciated       | <u>3,359,287</u>          | <u>1,400</u>                          | <u>3,360,687</u>                      |
| Capital assets being depreciated:                |                           |                                       |                                       |
| Buildings and improvements                       | 6,208,496                 | 87,827                                | 6,296,323                             |
| Less: Accumulated depreciation                   | <u>(2,228,795)</u>        | <u>(20,633)</u>                       | <u>(2,249,428)</u>                    |
| Buildings and improvements, net                  | <u>3,979,701</u>          | <u>67,194</u>                         | <u>4,046,895</u>                      |
| Equipment, furniture and vehicles                | 5,839,502                 | 115,340                               | 5,954,842                             |
| Less: Accumulated depreciation                   | <u>(5,039,517)</u>        | <u>(105,164)</u>                      | <u>(5,144,681)</u>                    |
| Equipment, furniture and vehicles, net           | <u>799,985</u>            | <u>10,176</u>                         | <u>810,161</u>                        |
| Total capital assets being depreciated, net      | <u>4,779,686</u>          | <u>77,370</u>                         | <u>4,857,056</u>                      |
| Governmental activities,<br>Capital assets, net  | <u>\$ 8,138,973</u>       | <u>\$ 78,770</u>                      | <u>\$ 8,217,743</u>                   |
| Business-type activities:                        |                           |                                       |                                       |
| Capital assets not being depreciated:            |                           |                                       |                                       |
| Land   | \$ 588,555                | \$ (1,400)                            | \$ 587,155                            |
| Total capital assets not being depreciated       | <u>588,555</u>            | <u>(1,400)</u>                        | <u>587,155</u>                        |
| Capital assets being depreciated:                |                           |                                       |                                       |
| Buildings and building improvements              | 12,920,940                | (87,827)                              | 12,833,113                            |
| Less: Accumulated depreciation                   | <u>(4,154,282)</u>        | <u>20,633</u>                         | <u>(4,133,649)</u>                    |
| Buildings and building improvements, net         | <u>8,766,658</u>          | <u>(67,194)</u>                       | <u>8,699,464</u>                      |
| Equipment, furniture and vehicles                | 3,242,136                 | (115,340)                             | 3,126,796                             |
| Less: Accumulated depreciation                   | <u>(1,780,659)</u>        | <u>105,164</u>                        | <u>(1,675,495)</u>                    |
| Equipment, furniture and vehicles, net           | <u>1,461,477</u>          | <u>(10,176)</u>                       | <u>1,451,301</u>                      |
| Total capital assets being depreciated, net      | <u>10,228,135</u>         | <u>(77,370)</u>                       | <u>10,150,765</u>                     |
| Business-type activities,<br>Capital assets, net | <u>\$ 10,816,690</u>      | <u>\$ (78,770)</u>                    | <u>\$ 10,737,920</u>                  |

**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended April 30, 2011 was as follows:

|   | Restated<br>Balance<br>April 30, 2010 | Additions         | Deletions         | Balance<br>April 30, 2011 |
|---|---------------------------------------|-------------------|-------------------|---------------------------|
| Primary government:                             |                                       |                   |                   |                           |
| Governmental activities:                        |                                       |                   |                   |                           |
| Capital assets not being depreciated:           |                                       |                   |                   |                           |
| Land  | \$ 3,360,687                          | \$ --             | \$ --             | \$ 3,360,687              |
| Construction in progress                        | <u>2,574,162</u>                      | <u>1,080,387</u>  | <u>118,400</u>    | <u>3,536,149</u>          |
| Total capital assets not being depreciated      | <u>5,934,849</u>                      | <u>1,080,387</u>  | <u>118,400</u>    | <u>6,896,836</u>          |
| Capital assets being depreciated:               |                                       |                   |                   |                           |
| Buildings and improvements                      | 6,296,323                             | 270,181           | 40,000            | 6,526,504                 |
| Less: Accumulated depreciation                  | <u>(2,249,428)</u>                    | <u>(141,542)</u>  | <u>(15,933)</u>   | <u>(2,375,037)</u>        |
| Buildings and improvements, net                 | <u>4,046,895</u>                      | <u>128,639</u>    | <u>24,067</u>     | <u>4,151,467</u>          |
| Infrastructure                                  | 58,983,804                            | 268,782           | 21,983            | 59,230,603                |
| Less: Accumulated depreciation                  | <u>(45,108,976)</u>                   | <u>(789,503)</u>  | <u>(21,983)</u>   | <u>(45,876,496)</u>       |
| Infrastructure, net                             | <u>13,874,828</u>                     | <u>(520,721)</u>  | <u>--</u>         | <u>13,354,107</u>         |
| Improvements other than building                | 745,448                               | --                | --                | 745,448                   |
| Less: Accumulated depreciation                  | <u>--</u>                             | <u>(37,273)</u>   | <u>--</u>         | <u>(37,273)</u>           |
| Improvements other than building, net           | <u>745,448</u>                        | <u>(37,273)</u>   | <u>--</u>         | <u>708,175</u>            |
| Equipment, furniture and vehicles               | 5,954,842                             | 166,792           | 293,381           | 5,828,253                 |
| Less: Accumulated depreciation                  | <u>(5,144,681)</u>                    | <u>(383,040)</u>  | <u>(279,963)</u>  | <u>(5,247,758)</u>        |
| Equipment, furniture and vehicles, net          | <u>810,161</u>                        | <u>(216,248)</u>  | <u>13,418</u>     | <u>580,495</u>            |
| Total capital assets being depreciated, net     | <u>19,477,332</u>                     | <u>(645,603)</u>  | <u>37,485</u>     | <u>18,794,244</u>         |
| Governmental activities,<br>Capital assets, net | <u>\$ 25,412,181</u>                  | <u>\$ 434,784</u> | <u>\$ 155,885</u> | <u>\$ 25,691,080</u>      |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended April 30, 2011 was as follows (continued):

|   | Restated<br>Balance<br>April 30, 2010 | Additions           | Deletions        | Balance<br>April 30, 2011 |
|---|---------------------------------------|---------------------|------------------|---------------------------|
| Primary government (continued):                     |                                       |                     |                  |                           |
| Business-type activities:                           |                                       |                     |                  |                           |
| Capital assets not being depreciated:               |                                       |                     |                  |                           |
| Land  | \$ 587,155                            | \$ --               | \$ --            | \$ 587,155                |
| Construction in progress                            | 97,509                                | 639,459             | --               | 736,968                   |
| Total capital assets not being depreciated          | <u>684,664</u>                        | <u>639,459</u>      | <u>--</u>        | <u>1,324,123</u>          |
| Capital assets being depreciated:                   |                                       |                     |                  |                           |
| Buildings and building improvements                 | 12,833,113                            | 70,544              | --               | 12,903,657                |
| Less: Accumulated depreciation                      | <u>(4,133,649)</u>                    | <u>(281,743)</u>    | <u>--</u>        | <u>(4,415,392)</u>        |
| Buildings and building improvements, net            | <u>8,699,464</u>                      | <u>(211,199)</u>    | <u>--</u>        | <u>8,488,265</u>          |
| Improvements other than building                    | 213,861                               | --                  | --               | 213,861                   |
| Less: Accumulated depreciation                      | <u>(116,429)</u>                      | <u>(12,301)</u>     | <u>--</u>        | <u>(128,730)</u>          |
| Improvements other than building, net               | <u>97,432</u>                         | <u>(12,301)</u>     | <u>--</u>        | <u>85,131</u>             |
| Treatment, collection and distribution systems      | 50,695,734                            | 130,595             | --               | 50,826,329                |
| Less: Accumulated depreciation                      | <u>(21,011,590)</u>                   | <u>(1,126,107)</u>  | <u>--</u>        | <u>(22,137,697)</u>       |
| Treatment, collection and distribution systems, net | <u>29,684,144</u>                     | <u>(995,512)</u>    | <u>--</u>        | <u>28,688,632</u>         |
| Equipment, furniture and vehicles                   | 3,126,796                             | 260,951             | 199,100          | 3,188,647                 |
| Less: Accumulated depreciation                      | <u>(1,675,495)</u>                    | <u>(255,432)</u>    | <u>(124,825)</u> | <u>(1,806,102)</u>        |
| Equipment, furniture and vehicles, net              | <u>1,451,301</u>                      | <u>5,519</u>        | <u>74,275</u>    | <u>1,382,545</u>          |
| Total capital assets being depreciated, net         | <u>39,932,341</u>                     | <u>(1,213,493)</u>  | <u>74,275</u>    | <u>38,644,573</u>         |
| Business-type activities,<br>Capital assets, net    | <u>\$ 40,617,005</u>                  | <u>\$ (574,034)</u> | <u>\$ 74,275</u> | <u>\$ 39,968,696</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                                | \$ 72,982           |
| Public safety                                     | 282,603             |
| Public works                                      | 923,828             |
| Culture and recreation                            | 64,782              |
| Health and welfare                                | <u>7,163</u>        |
| Governmental activities,<br>Depreciation expense  | <u>\$ 1,351,358</u> |
| Business-type activities:                         |                     |
| Water   | \$ 629,793          |
| Sewer   | <u>1,045,790</u>    |
| Business-type activities,<br>Depreciation expense | <u>\$ 1,675,583</u> |

Analysis of changes in component unit capital assets:

|   | Balance<br>April 30, 2010 | Additions        | Deletions    | Balance<br>April 30, 2011 |
|---|---------------------------|------------------|--------------|---------------------------|
| Component unit (Mattoon Public Library):        |                           |                  |              |                           |
| Governmental activities:                        |                           |                  |              |                           |
| Capital assets being depreciated:               |                           |                  |              |                           |
| Buildings and improvements                      | \$ 2,659,884              | \$ 79,138        | \$ --        | \$ 2,739,022              |
| Less: Accumulated depreciation                  | <u>(770,905)</u>          | <u>(53,461)</u>  | --           | <u>(824,366)</u>          |
| Buildings and improvements, net                 | <u>1,888,979</u>          | <u>25,677</u>    | --           | <u>1,914,656</u>          |
| Equipment, furniture and vehicles               | 69,344                    | --               | --           | 69,344                    |
| Less: Accumulated depreciation                  | <u>(60,515)</u>           | <u>(3,528)</u>   | --           | <u>(64,043)</u>           |
| Equipment, furniture and vehicles, net          | <u>8,829</u>              | <u>(3,528)</u>   | --           | <u>5,301</u>              |
| Governmental activities,<br>Capital assets, net | <u>\$ 1,897,808</u>       | <u>\$ 22,149</u> | <u>\$ --</u> | <u>\$ 1,919,957</u>       |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

6. CAPITAL ASSETS (CONTINUED)

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

|                          |                  |
|--------------------------|------------------|
| Governmental activities: |                  |
| Mattoon Public Library   | <u>\$ 56,989</u> |

7. CONSTRUCTION IN PROGRESS

The City has active construction projects in progress as of April 30, 2011. The projects include the construction of a drainage project, parking lot and pond development, the restoration of the train depot, a train depot platform, a lake pumphouse and lift station, the renovation of the lake dam, and a storm runoff control project. At April 30, 2011 the City's construction in progress is as follows:

|                                | <u>Spent-to-Date</u> | <u>Remaining<br/>Commitment</u> |
|--------------------------------|----------------------|---------------------------------|
| Project:                       |                      |                                 |
| Primary government:            |                      |                                 |
| Governmental activities:       |                      |                                 |
| South Side Drainage            | \$ 107,201           | \$ 599,989                      |
| YMCA Parking Lot and Pond      | 761,045              | 131,753                         |
| Depot Restoration              | 2,662,203            | 102,654                         |
| Depot Platform                 | <u>5,700</u>         | <u>394,300</u>                  |
| Total governmental activities  | <u>\$ 3,536,149</u>  | <u>\$ 1,228,696</u>             |
| Business-type activities:      |                      |                                 |
| Lake Paradise Pumphouse        | \$ 384,708           | \$ 32,315                       |
| CSO/Long Term Control Plan     | 100,186              | 10,000,000                      |
| Lake Land Sewer Lift Station   | 178,905              | 83,645                          |
| Lake Paradise Dam Renovation   | <u>73,169</u>        | <u>101,830</u>                  |
| Total business-type activities | <u>\$ 736,968</u>    | <u>\$ 10,217,790</u>            |

**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, 2010                                    | \$ 39,473 |
| Less: cost of crypts sold   | --        |
| Mausoleum carrying value, April 30, 2011                                    | 39,473    |
| Land held for future expansion, estimated carrying value,<br>April 30, 2011 | 21,179    |
|   | \$ 60,652 |

9. RESTRICTED ASSETS

The General Fund has restricted cash from the Department of Justice for certain public safety expenditures. The General Fund also has restricted cash and investments for mausoleums and cemetery perpetual care. The Water Fund has restricted cash accounts for customer meter deposits. The Internal Service Fund has restricted cash for the employees' flexible spending account. The Mattoon Public Library has restricted investments 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<br>April 30, 2010 | Additions | Deletions | Balance<br>April 30, 2011 |
|---|---------------------------|-----------|-----------|---------------------------|
| General Fund:   |                           |           |           |                           |
| Short-term loan from First<br>Mid-Illinois Bank & Trust | \$ 1,668,084              | \$ --     | \$ 54,037 | \$ 1,614,047              |

The note payable to First Mid-Illinois Bank & Trust has a stated interest rate of 3.25% and a stated maturity date of May 18, 2011.

The City had a line of credit with First-Mid Illinois Bank & Trust to provide funding for the development of the South Rt 45 TIF District Fund:

|  | Balance<br>April 30, 2010 | Additions | Deletions  | Balance<br>April 30, 2011 |
|--|---------------------------|-----------|------------|---------------------------|
| South Rt 45 TIF District Fund:                         |                           |           |            |                           |
| Line of credit from First<br>Mid-Illinois Bank & Trust | \$ 330,000                | \$ --     | \$ 330,000 | \$ --                     |

During the year ended April 30, 2011, the City closed this line of credit and took out a note payable for \$750,000. See Note 14 for additional information on the note.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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:

|                                       | <u>Interest Rates</u> | <u>Amount</u> |
|---------------------------------------|-----------------------|---------------|
| Governmental activities:              |                       |               |
| Series 2003A                          | 4.35%                 | \$ 545,000    |
| Series 2009A                          | 1.50% - 4.35%         | 5,960,000     |
| Series 2009B (Taxable)                | 4.00% - 5.70%         | 4,000,000     |
| Governmental activities - refunding:  |                       |               |
| Series 2003                           | 1.00% - 3.15%         | 150,000       |
| Series 2005B                          | 2.50% - 4.05%         | 1,305,000     |
| Total governmental activities bonds   |                       | \$ 11,960,000 |
|                                       |                       |               |
|                                       | <u>Interest Rates</u> | <u>Amount</u> |
| Business-type activities - refunding: |                       |               |
| Series 2003                           | 3.00% - 3.50%         | \$ 2,805,000  |
| Series 2005A                          | 2.50% - 4.00%         | 2,525,000     |
| Total business-type activities bonds  |                       | \$ 5,330,000  |

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

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

12. GENERAL OBLIGATION BONDS (CONTINUED)

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

| Years Ending<br>April 30, | <u>Governmental Activities</u> |                     | <u>Business-type Activities</u> |                   |
|---------------------------|--------------------------------|---------------------|---------------------------------|-------------------|
|                           | <u>Principal</u>               | <u>Interest</u>     | <u>Principal</u>                | <u>Interest</u>   |
| 2012                      | \$ 754,000                     | \$ 492,805          | \$ 830,000                      | \$ 187,846        |
| 2013                      | 776,000                        | 469,247             | 865,000                         | 160,463           |
| 2014                      | 730,000                        | 440,948             | 905,000                         | 130,968           |
| 2015                      | 560,000                        | 414,025             | 945,000                         | 100,240           |
| 2016                      | 580,000                        | 394,686             | 985,000                         | 67,210            |
| 2017-2021                 | 2,960,000                      | 1,638,554           | 800,000                         | 48,010            |
| 2022-2026                 | 3,190,000                      | 1,044,538           | --                              | --                |
| 2027-2031                 | 2,410,000                      | 240,475             | --                              | --                |
| Total                     | <u>\$ 11,960,000</u>           | <u>\$ 5,135,278</u> | <u>\$ 5,330,000</u>             | <u>\$ 694,737</u> |

13. CAPITAL LEASES

Previously, the City entered into lease agreements 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.

The assets acquired through current capital leases are as follows:

| <u>Asset</u>                   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|--------------------------------|------------------------------------|-------------------------------------|
| Vehicles                       | \$ 119,283                         | \$ 64,533                           |
| Fire truck                     | 748,078                            | --                                  |
| Less: Accumulated depreciation | <u>(790,580)</u>                   | <u>(57,391)</u>                     |
|                                | <u>\$ 76,781</u>                   | <u>\$ 7,142</u>                     |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

13. CAPITAL LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2011, were as follows:

| <u>Years Ending April 30,</u>           | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|---|------------------------------------|-------------------------------------|
| 2012                                    | \$ 89,376                          | \$ 13,881                           |
| 2013                                    | 64,452                             | --                                  |
| 2014                                    | 64,452                             | --                                  |
| 2015                                    | 64,452                             | --                                  |
| 2016                                    | 64,452                             | --                                  |
| 2017-2021                               | 322,263                            | --                                  |
| 2022-2026                               | 64,452                             | --                                  |
|   | <hr/>                              | <hr/>                               |
| Total minimum lease payments            | 733,899                            | 13,881                              |
| Less: amount representing interest      | (180,344)                          | (723)                               |
|   | <hr/>                              | <hr/>                               |
| Present value of minimum lease payments | <u>\$ 553,555</u>                  | <u>\$ 13,158</u>                    |

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%                | \$ 38,914           |
| First Mid-Illinois Bank & Trust note, serviced by the General Fund, proceeds used to purchase various vehicles   | 4.540%                | 111,424             |
| First Mid-Illinois Bank & Trust note, serviced by the General Fund, proceeds used to fund early retirement incentives, energy efficient improvements, and future needs in the General Fund | 2.490%                | 677,671             |
| First Mid-Illinois Bank & Trust note, serviced by the South Rt. 45 TIF Fund, proceeds used to fund business development along South Rt. 45   | 5.500%                | 697,193             |
|  |                       | <hr/>               |
| Total governmental activities notes  |                       | <u>\$ 1,525,202</u> |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

14. NOTES PAYABLE (CONTINUED)

|   | <u>Interest Rates</u> | <u>Amount</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%                | \$ 4,118,784  |
| First Mid-Illinois Bank & Trust note, serviced by the Water Fund, proceeds used to purchase various vehicles  | 4.540%                | 16,760        |
| First Mid-Illinois Bank & Trust note, serviced by the Water Fund, proceeds used to fund early retirement incentives and energy efficient improvements   | 2.490%                | 659,296       |
| Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for sewer wastewater treatment plant rehabilitation            | 2.865%                | 222,104       |
| Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for expansion of the sewer wastewater treatment plant          | 2.675%                | 6,375,805     |
| First Mid-Illinois Bank & Trust note, serviced by the Sewer Fund, proceeds used to purchase various vehicles  | 4.540%                | 10,717        |
| First Mid-Illinois Bank & Trust note, serviced by the Water Fund, proceeds used to fund early retirement incentives and energy efficient improvements   | 2.490%                | 522,645       |
| Total business-type activities notes  |                       | \$ 11,926,111 |
| Component unit (Mattoon Public Library):  |                       |               |
| First Mid-Illinois Bank & Trust note, serviced by the General Fund, proceeds used to fund early retirement incentives and energy efficient improvements | 2.490%                | \$ 140,388    |
| Total component unit notes  |                       | \$ 140,388    |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

14. NOTES PAYABLE (CONTINUED)

Notes payable debt service requirements to maturity are as follows:

| Years ending<br>April 30, | <u>Governmental Activities</u> |                   | <u>Business-type Activities</u> |                     |
|---------------------------|--------------------------------|-------------------|---------------------------------|---------------------|
|                           | <u>Principal</u>               | <u>Interest</u>   | <u>Principal</u>                | <u>Interest</u>     |
| 2012                      | \$ 175,401                     | \$ 63,729         | \$ 991,329                      | \$ 319,603          |
| 2013                      | 142,043                        | 55,617            | 1,018,632                       | 292,188             |
| 2014                      | 88,292                         | 49,718            | 1,032,417                       | 263,693             |
| 2015                      | 91,234                         | 46,775            | 1,060,884                       | 235,226             |
| 2016                      | 94,291                         | 43,718            | 1,090,137                       | 205,973             |
| 2017-2021                 | 933,941                        | 143,850           | 5,282,765                       | 569,628             |
| 2022-2026                 | --                             | --                | 1,449,947                       | 58,694              |
| Total                     | <u>\$ 1,525,202</u>            | <u>\$ 403,407</u> | <u>\$ 11,926,111</u>            | <u>\$ 1,945,005</u> |

| Years ending<br>April 30, | <u>Component Unit<br/>Mattoon Public Library</u> |                  |
|---------------------------|--|------------------|
|                           | <u>Principal</u>                                 | <u>Interest</u>  |
| 2012                      | \$ 12,547  | \$ 3,486         |
| 2013                      | 12,841   | 3,192            |
| 2014                      | 13,169   | 2,864            |
| 2015                      | 13,497   | 2,536            |
| 2016                      | 13,833   | 2,199            |
| 2017-2021                 | 74,501   | 5,662            |
| Total                     | <u>\$ 140,388</u>                                | <u>\$ 19,939</u> |

**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

**15. CHANGES IN LONG-TERM LIABILITIES**

Effective May 1, 2010, the City of Mattoon determined that the Cemetery Fund, part of the Business-type Activities, should be reclassified to Governmental Activities. See note 29 for further information on the reclassification. As a result, the Cemetery Fund's portion of accrued compensated absences (\$28,338) previously reported with the Business-type Activities, were transferred to Governmental Activities. The changes are reflected in the April 30, 2010 balances reported below.

Long-term liability activity for the primary government for the year ended April 30, 2011 was as follows:

|  | Restated<br>Balance<br><u>April 30, 2010</u> | <u>Additions</u>    | <u>Reductions</u>   | Balance<br><u>April 30, 2011</u> | Due Within<br><u>One Year</u> |
|--|--|---------------------|---------------------|----------------------------------|-------------------------------|
| <b>Primary Government:</b>                         |  |                     |                     |                                  |                               |
| <b>Governmental Activities:</b>                    |  |                     |                     |                                  |                               |
| General obligation bonds                           | \$ 12,377,000                                | \$ --               | 417,000             | \$ 11,960,000                    | \$ 754,000                    |
| Add (less) deferred amounts:                       |  |                     |                     |                                  |                               |
| On refunding                                       | (54,861)                                     | --                  | (8,320)             | (46,541)                         | --                            |
| For issuance premiums                              | 94,139                                       | --                  | 5,396               | 88,743                           | --                            |
|  | <u>12,416,278</u>                            | <u>--</u>           | <u>414,076</u>      | <u>12,002,202</u>                | <u>754,000</u>                |
| Total general obligation bonds                     | 12,416,278                                   | --                  | 414,076             | 12,002,202                       | 754,000                       |
| Capital leases                                     | 611,225                                      | --                  | 57,670              | 553,555                          | 60,652                        |
| Notes payable                                      | 270,589                                      | 1,427,671           | 173,058             | 1,525,202                        | 175,401                       |
| Compensated absences                               | 835,481                                      | 13,283              | --                  | 848,764                          | 169,753                       |
| Post-employment healthcare benefits                | 1,923,129                                    | 705,598             | --                  | 2,628,727                        | N/A                           |
|  | <u>16,056,702</u>                            | <u>2,146,552</u>    | <u>644,804</u>      | <u>17,558,450</u>                | <u>1,159,806</u>              |
| Governmental activities,<br>Long-term liabilities  | <u>\$ 16,056,702</u>                         | <u>\$ 2,146,552</u> | <u>\$ 644,804</u>   | <u>\$ 17,558,450</u>             | <u>\$ 1,159,806</u>           |
| <b>Business-type Activities:</b>                   |  |                     |                     |                                  |                               |
| General obligation bonds                           | \$ 6,125,000                                 | \$ --               | \$ 795,000          | \$ 5,330,000                     | \$ 830,000                    |
| Add (less) deferred amounts:                       |  |                     |                     |                                  |                               |
| On refunding                                       | (233,681)                                    | --                  | (37,104)            | (196,577)                        | --                            |
| For issuance premium                               | 47,930                                       | --                  | 7,236               | 40,694                           | --                            |
|  | <u>5,939,249</u>                             | <u>--</u>           | <u>765,132</u>      | <u>5,174,117</u>                 | <u>830,000</u>                |
| Total general obligation bonds                     | 5,939,249                                    | --                  | 765,132             | 5,174,117                        | 830,000                       |
| Capital leases                                     | 25,654                                       | --                  | 12,496              | 13,158                           | 13,158                        |
| Notes payable                                      | 11,605,729                                   | 1,181,941           | 861,559             | 11,926,111                       | 991,329                       |
| Compensated absences                               | 232,398                                      | --                  | 73,142              | 159,256                          | 31,851                        |
| Post-employment healthcare benefits                | 492,652                                      | 174,692             | --                  | 667,344                          | N/A                           |
|  | <u>18,295,682</u>                            | <u>1,356,633</u>    | <u>1,712,329</u>    | <u>17,939,986</u>                | <u>1,866,338</u>              |
| Business-type activities,<br>Long-term liabilities | <u>\$ 18,295,682</u>                         | <u>\$ 1,356,633</u> | <u>\$ 1,712,329</u> | <u>\$ 17,939,986</u>             | <u>\$ 1,866,338</u>           |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

15. CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the component unit for the year ended April 30, 2011 was as follows:

|   | <u>Balance</u><br><u>April 30, 2010</u> | <u>Additions</u>  | <u>Reductions</u> | <u>Balance</u><br><u>April 30, 2011</u> | <u>Due Within</u><br><u>One Year</u> |
|---|---|-------------------|-------------------|---|--------------------------------------|
| Component Unit<br>(Mattoon Public Library): |   |                   |                   |   |                                      |
| Governmental Activities:                    |   |                   |                   |   |                                      |
| Notes payable                               | \$ --                                   | \$ 140,388        | \$ --             | \$ 140,388                              | \$ 12,547                            |
| Compensated absences                        | 18,424                                  | --                | 1,609             | 16,815                                  | 3,363                                |
|   | <u>18,424</u>                           | <u>--</u>         | <u>1,609</u>      | <u>16,815</u>                           | <u>3,363</u>                         |
| Component unit,<br>Long-term liabilities    | <u>\$ 18,424</u>                        | <u>\$ 140,388</u> | <u>\$ 1,609</u>   | <u>\$ 157,203</u>                       | <u>\$ 15,910</u>                     |

16. TAXES

Tax revenues during the year ended April 30, 2011 were as follows:

|                                  | <u>Governmental</u><br><u>Activities</u> |   |   |
|----------------------------------|--|---|---|
|                                  | <u>General Fund</u>                      | <u>Broadway East</u><br><u>Business</u><br><u>District Fund</u> | <u>Other</u><br><u>Governmental</u><br><u>Funds</u> |
| Property taxes                   | \$ 3,607,334                             | \$ --   | \$ --   |
| TIF property tax increment       | --                                       | --  | 274,149   |
| Telecommunication taxes          | 885,228                                  | --  | --  |
| Utility taxes                    | 1,303,379                                | --  | --  |
| Business district taxes          | --                                       | 334,588   | 38,836  |
| Road and bridge taxes            | 141,279                                  | --  | --  |
| Hotel taxes                      | --                                       | --  | 284,202   |
| Cable TV franchise taxes         | 185,667                                  | --  | --  |
| Gas and electric franchise taxes | 127,474                                  | --  | --  |
|                                  | <u>127,474</u>                           | <u>--</u>   | <u>--</u>   |
| Totals                           | <u>\$ 6,250,361</u>                      | <u>\$ 334,588</u>   | <u>\$ 597,187</u>                                   |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

17. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues during the year ended April 30, 2011 were as follows:

|  | Governmental<br>Activities |                          |                                |
|--|----------------------------|--------------------------|--------------------------------|
|  | General Fund               | Capital<br>Projects Fund | Other<br>Governmental<br>Funds |
| Income and use taxes                   | \$ 1,846,311               | \$ --                    | \$ --                          |
| Sales taxes                            | 5,760,335                  | --                       | --                             |
| Personal property<br>replacement taxes | 543,701                    | --                       | --                             |
| Pull tabs and jar games tax            | 4,391                      | --                       | --                             |
| Motor fuel taxes                       | --                         | --                       | 542,162                        |
| Foreign fire insurance taxes           | 32,959                     | --                       | --                             |
| Operating grants and<br>contributions  | 164,124                    | --                       | 17,794                         |
| Capital grants and<br>contributions    | 34,001                     | 435,678                  | --                             |
| <b>Totals</b>                          | <b>\$ 8,385,822</b>        | <b>\$ 435,678</b>        | <b>\$ 559,956</b>              |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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

|  | For Tax Levy Year   |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | 2010                | 2009                | 2008                |
| Assessed valuation   | \$ 189,479,868      | \$ 186,786,780      | \$ 182,767,058      |
| Rate per \$100, excluding road and bridge rate                                     | 1.9687              | 1.9289              | 1.9106              |
| Taxes extended, excluding road and bridge taxes                                    | 3,730,215           | 3,602,950           | 3,491,983           |
| Add: City's share of road and bridge taxes extended                                | 144,502             | 141,702             | 139,909             |
| Total taxes extended   | <u>\$ 3,874,717</u> | <u>\$ 3,744,652</u> | <u>\$ 3,631,892</u> |
| Taxes available to City after abatements and losses in collection (2010 estimated) | <u>\$ 3,874,717</u> | <u>\$ 3,723,003</u> | <u>\$ 3,628,439</u> |
| Percentage of extension available to City (2010 estimated)                         | <u>100.00%</u>      | <u>99.42%</u>       | <u>99.90%</u>       |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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

|  | For Tax Levy Year |              |              |
|--|-------------------|--------------|--------------|
|  | 2010              | 2009         | 2008         |
| Distribution of taxes available<br>(2010 estimated): |                   |              |              |
| General Fund:  |                   |              |              |
| General government                                   | \$ 561,239        | \$ 463,263   | \$ 456,460   |
| Fire protection                                      | 284,220           | 218,700      | 273,875      |
| Police protection                                    | 284,220           | 218,700      | 273,875      |
| Street, including road &<br>bridge                   | 144,502           | 141,049      | 139,954      |
| Park   | 142,110           | 139,159      | 136,938      |
| Street lighting                                      | --                | --           | 91,183       |
| Mattoon Public Library                               | 435,804           | 427,135      | 419,943      |
| Firefighters Pension Fund                            | 1,109,670         | 1,157,695    | 1,008,722    |
| Police Pension Fund                                  | 912,952           | 957,302      | 827,489      |
|  | \$ 3,874,717      | \$ 3,723,003 | \$ 3,628,439 |

The City Council has abated the 2008, 2009 and 2010 tax levies applicable to all outstanding general obligation bonds.

19. SCHEDULE OF OPERATING TRANSFERS WITHIN THE REPORTING ENTITY

Operating transfers between funds during the year ended April 30, 2011 were as follows:

| Transfers In                | Transfers Out | Amount     |
|-----------------------------|---------------|------------|
| General Fund                | Water Fund    | \$ 47,704  |
| General Fund                | Sewer Fund    | 89,819     |
| Capital Projects Fund       | General Fund  | 609,613    |
| Other Special Revenue Fund: |               |            |
| Motor Fuel Tax Fund         | General Fund  | 12,410     |
|                             |               | \$ 759,546 |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

19. SCHEDULE OF OPERATING TRANSFERS WITHIN THE REPORTING ENTITY  
(CONTINUED)

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 refunded amounts to the Motor Fuel Tax Fund per Motor Fuel Tax auditors' entries for calendar year 2009.

20. 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](http://www.imrf.org).

*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 annual required contribution rate for calendar year 2010 was 13.10 percent. 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* - The required contribution for calendar year 2010 was \$488,986.

Three-Year Trend Information for the Regular Plan

| Calendar<br>Year<br>Ending | Annual<br>Pension<br>Cost<br>(APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|----------------------------|------------------------------------|-------------------------------------|------------------------------|
| 12/31/10                   | \$ 488,986                         | 100%                                | \$ --                        |
| 12/31/09                   | 375,515                            | 100%                                | --                           |
| 12/31/08                   | 412,170                            | 100%                                | --                           |

## CITY OF MATTOON, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

#### 20. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 10 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 at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress* - As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 56.45 percent funded. The actuarial accrued liability for benefits was \$9,651,177 and the actuarial value of assets was \$5,448,120, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,203,057. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$3,732,715 and the ratio of the UAAL to the covered payroll was 113 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.

## CITY OF MATTOON, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

#### 21. ILLINOIS MUNICIPAL RETIREMENT FUND EARLY RETIREMENT INCENTIVE

During the fiscal year 2009-2010, the City of Mattoon offered an early retirement incentive (ERI) to its employees that participate in the Illinois Municipal Retirement Fund (IMRF). This incentive allowed employees with over 20 years of service and who were at least 50 years old to purchase 5 years of service and age to be eligible to retire. The ERI was available from June 19, 2009 to June 19, 2010. A total of fifteen individuals took advantage of the ERI. Those individuals were from the following funds: the Water Fund had five (5) individuals retire, the Sewer Fund had five (5) individuals retire, and the General Fund had four (4) individuals retire. The Mattoon Public Library discretely presented component unit had one (1) individual retire. The IMRF calculates the cost to the employee and employer based on the employee's final salary and their years of service. The amount that was to be paid by December 31, 2010 was \$1,555,974. At its meeting on December 7, 2010, the City Council authorized the borrowing of this amount from the First Mid-Illinois Bank and Trust, N.A. at an interest rate of 2.49% to be paid back over a 10 year amortization. The interest portion of the payments to be made over the next ten years will be allocated to the fund from which the employee retired. At the time of the retirement, the City recognized the expense in each fund for the retired individual. Eight individuals retired in fiscal year 2009-2010 and seven individuals retired in fiscal year 2010-2011. So long as the employees are not replaced, the City expects to see substantial savings from this ERI over the next ten years.

#### 22. DEFINED BENEFIT PENSION PLANS – POLICE AND FIREFIGHTERS

##### Plan Descriptions

The City of Mattoon contributes to two single-employer defined benefit pension plans: Mattoon Firefighters Pension Fund and Mattoon Police Pension Fund. 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 3 and 4, and may be amended only by the Illinois legislature.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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

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.

Contributions and Revenues

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

Concentrations

The Firefighters and Police Pension plans did not comply with the investment guidelines set forth at 40 ILCS 5/1-113. Both plan’s investments in accounts managed by insurance companies exceeded the investment limit of 45% of the market value of their net present assets.

Membership

Membership of the plans consisted of the following at April 30, 2011:

|  | Police<br>Pension | Firefighters<br>Pension |
|--|-------------------|-------------------------|
| Retirees and beneficiaries<br>receiving benefits | 42                | 53                      |
| Current employees:                               |                   |                         |
| Vested   | 7                 | 7                       |
| Nonvested  | 29                | 25                      |
| Total  | 78                | 85                      |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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

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.

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%. These contribution rates may vary if members transfer service credit from a previous employer. 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, 2010 has been estimated at 50.016% and 64.863% 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.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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

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.

Significant actuarial assumptions used in determining the pension benefit obligation as of April 30, 2010 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<br>Mortality Table      | 1971 Group Annuity<br>Mortality Table      |
| e. Decrement Assumption Other<br>than Mortality | State of Illinois DOI<br>Experience Tables | State of Illinois DOI<br>Experience Tables |
| f. Salary Progression Assumption                | 5.5%                                       | 5.5%                                       |
| g. Status of Social Security in<br>Assumption   | None                                       | None                                       |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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

The pension benefit obligation as of April 30, 2010 was as follows:

|   | <u>Police<br/>Pension</u><br>April 30, 2010 | <u>Firefighters<br/>Pension</u><br>April 30, 2010 |
|---|---|---|
| Pension Benefit Obligation  |   |   |
| Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | \$ 21,923,236                               | \$ 25,742,161                                     |
| Active participants   | <u>8,634,368</u>                            | <u>7,285,755</u>                                  |
| Total pension benefit obligation  | 30,557,604                                  | 33,027,916  |
| Net assets available for benefits   | <u>14,004,793</u>                           | <u>14,534,029</u>                                 |
| Pension benefit obligation in excess of assets  | <u>\$ 16,552,811</u>                        | <u>\$ 18,493,887</u>                              |

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 unfunded actuarial accrued liability is being amortized over a 40 year period, which began on July 1, 1993.

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.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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

|  | <u>Police<br/>Pension</u> | <u>Firefighters<br/>Pension</u> |
|--|---------------------------|---------------------------------|
| Actuarial Valuation Date   | April 30, 2010            | April 30, 2010                  |
| Amount necessary to provide the employer normal costs                        | \$ 309,359                | \$ 407,152                      |
| Amount necessary to amortize the unfunded actuarial accrued liability        | 843,586                   | 942,509                         |
|  | <u>\$ 1,152,945</u>       | <u>\$ 1,349,661</u>             |
| As a percentage of current covered payroll (at April 30, 2010):              |                           |                                 |
| Employer normal costs  | 15.311%                   | 21.468%                         |
| Amortization of unfunded actuarial accrued liability                         | 41.750%                   | 49.695%                         |
|  | <u>57.061%</u>            | <u>71.163%</u>                  |
| Contributions made as a dollar amount as of valuation date (April 30, 2010): |                           |                                 |
| Employer   | \$ 1,010,614              | \$ 1,230,187                    |
| Plan members   | 242,041                   | 212,776                         |
|  | <u>\$ 1,252,655</u>       | <u>\$ 1,442,963</u>             |
| As a percentage of current covered payroll (at April 30, 2010):              |                           |                                 |
| Employer   | 50.016%                   | 64.863%                         |
| Plan members   | 11.979%                   | 11.219%                         |
|  | <u>61.995%</u>            | <u>76.082%</u>                  |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

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

Mattoon Police Pension Fund

Schedule of Employer Contributions

| Year<br>Ended<br>April 30, | Annual<br>Required<br>Contribution | Employer<br>Contribution | Percentage<br>Contribution |
|----------------------------|------------------------------------|--------------------------|----------------------------|
| 2010                       | \$ 1,152,945                       | \$ 1,010,614             | 87.66%                     |
| 2009                       | 1,145,967                          | 992,277                  | 86.59%                     |
| 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%                     |

Due to the timing of the receipt of the Department of Insurance calculations and of the receipt of taxes from the property tax levy, City contributions of property taxes are based on the prior year's annual required contribution as well as other factors associated with the property tax levy. Contributions of replacement taxes are based on the current year's receipts.

Schedule of Funding Progress

The Schedule of Funding Progress for the Mattoon 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)

Mattoon Firefighters Pension Fund

Schedule of Employer Contributions

| Year<br>Ended<br>April 30, | Annual<br>Required<br>Contribution | Employer<br>Contribution | Percentage<br>Contribution |
|----------------------------|------------------------------------|--------------------------|----------------------------|
| 2010                       | \$ 1,349,661                       | \$ 1,230,187             | 91.15%                     |
| 2009                       | 1,385,894                          | 1,134,259                | 81.84%                     |
| 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%                     |

Due to the timing of the receipt of the Department of Insurance calculations and of the receipt of taxes from the property tax levy, City contributions of property taxes are based on the prior year's annual required contribution as well as other factors associated with the property tax levy. Contributions of replacement taxes are based on the current year's receipts.

Schedule of Funding Progress

The Schedule of Funding Progress for the Mattoon 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 2011, the City contributed \$827,504 for retiree healthcare benefits. The City required retirees with monthly pensions less than \$1,625 per month to contribute \$62 per month for those with no dependents or \$127 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 were required to contribute \$135 per month for those with no dependents or \$274 per month for those with dependents, approximately 32.5% 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, 2012, the total cost of healthcare is projected to be \$348 for single coverage and \$828 for family coverage. Retirees with monthly pensions less than \$1,625 per month will be required to contribute \$52 per month for those with no dependents and \$124 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 \$113 per month for those with no dependents and \$269 for those with dependents, approximately 32.5% 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 calculation of 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               | \$1,736,672 |
| Interest on net OPEB obligation            | 120,789     |
| Adjustment to annual required contribution | 149,667     |
| Annual OPEB cost (expense)                 | 1,707,794   |
| Contributions made                         | (827,504)   |
| <br>                                       |             |
| Increase in net OPEB obligation            | 880,290     |
| Net OPEB obligation - beginning of year    | 2,415,781   |
| Net OPEB obligation - end of year          | \$3,296,071 |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations were as follows:

| Fiscal Year<br>Ended | Annual OPEB<br>Cost | Percentage of Annual<br>OPEB Cost Contributed | Net OPEB<br>Obligation |
|----------------------|---------------------|---|------------------------|
| 4/30/2011            | \$ 1,707,794        | 48.50%  | \$3,296,071            |
| 4/30/2010            | 1,831,445           | 42.70%  | 2,415,781              |
| 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, 2011, the actuarial accrued liability for benefits was \$23,103,333. The covered payroll was approximately \$6,789,837, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 340%. 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, 2011, 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.

The municipality requires active employee and retiree contributions to the health plan. Note 23 provides the funding information for retirees. For the fiscal year ended April 30, 2011, the contribution for active employees was \$62 per month for those with no dependents or \$127 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, 2012, the total cost of the health plan per employee is projected to be \$348 per month for employees with no dependents or \$828 per month for employees with dependents. Based on these estimated costs, the contribution for active employees will be \$52 per month for those with no dependents or \$124 per month for those with dependents, or 15% of total costs, for the fiscal year ending April 30, 2012.

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 \$2,600 calendar year out of pocket family maximum or \$1,300 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 \$5,000 per year and \$2,500 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 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 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.

**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

24. SELF-INSURANCE (CONTINUED)

At the end of the fiscal year, the City had 272 employees, former employees, and retirees participating in the group health plan. Of this number, 132 were active employees, 139 were retirees, and one was a COBRA participant. Seventy-six of the participants had single coverage, and 196 had family coverage.

The health plan is funded on a pay-as-you go basis. The City incurred health plan claims expenditures of \$2,495,813 in the fiscal year that ended April 30, 2011, which includes \$167,348 of claims incurred, but not paid. An actuarial estimate of claims incurred, but not reported, was not determined.

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           | IPRF <sup>1</sup>     | \$2.5 million each accident<br>\$2.5 million each employee<br>\$2.5 million policy limit  | 12/15/2011        |
| Property & Casualty            | Argonaut <sup>2</sup> | Replacement Cost<br>\$65,259,040 Blanket Building<br>and Contents Limit<br>\$2 million Extra Expense and<br>Business Income<br>Property - \$5,000 deductible<br>Extra Expense and Business Income -<br>\$5,000 deductible | 12/1/2011         |
| General Liability <sup>3</sup> | Argonaut              | \$1 million each occurrence<br>\$3 million aggregate  | 12/1/2011         |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

25. INSURANCE (CONTINUED)

| <u>Exposure</u>                 | <u>Insurer</u>            | <u>Limits of Coverage</u>   | <u>Expiration</u> |
|---------------------------------|---------------------------|---|-------------------|
| Flood                           | American <sup>4</sup>     | \$405,000 Blower Building Structure<br>\$360,000 Blower Building Contents<br>\$132,500 Pump Station Building<br>\$221,400 Pump Station Contents<br>\$25,000 deductible  | 12/9/2011         |
| Volunteers                      | National <sup>5</sup>     | \$2 million each occurrence   | 12/1/2011         |
| Employed Lawyer's Liability     | Philadelphia <sup>6</sup> | \$1 million aggregate   | 12/10/2011        |
| Fiduciary Liability             | Federal <sup>7</sup>      | \$1 million aggregate   | 12/1/2011         |
| Public Officials Liability      | Argonaut                  | \$1 million each occurrence<br>\$3 million aggregate<br>\$5,000 deductible  | 12/1/2011         |
| Employment Practices Liability  | Argonaut                  | \$1 million each occurrence<br>\$3 million aggregate<br>\$50,000 limit for back wages<br>\$5,000 deductible for each wrongful act<br>\$10,000 deductible for back wages | 12/1/2011         |
| Automobile Physical Damage      | Argonaut                  | Actual cash value<br>\$500 deductible   | 12/1/2011         |
| Automobile Liability            | Argonaut                  | \$1 million   | 12/1/2011         |
| Law Enforcement Liability       | Argonaut                  | \$1 million each occurrence<br>\$3 million aggregate  | 12/1/2011         |
| Crime                           | Federal                   | Limit - \$500,000   | 12/1/2011         |
| Inland Marine                   | Argonaut                  | \$4,095,831<br>\$1,000 deductible   | 12/1/2011         |
| Umbrella Liability <sup>8</sup> | Argonaut                  | \$10 million each occurrence<br>\$10 million aggregate  | 12/1/2011         |

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

25. INSURANCE (CONTINUED)

<sup>1</sup> Illinois Public Risk Fund.

<sup>2</sup> Argonaut Great Central Insurance Company.

<sup>3</sup> The general liability coverage is subject to exclusions and sub-limits for exposures related to Products/Completed Operations, Personal & Advertising Injury, Damage to Premises Rented to You, and Employee Benefits. See the policy on file with the City for exclusion and sub-limit information.

<sup>4</sup> American Banker's Insurance Company of Florida.

<sup>5</sup> National Union Fire Insurance Company of Pittsburgh..

<sup>6</sup> Philadelphia Indemnity Insurance Company.

<sup>7</sup> Federal Insurance Corporation.

<sup>8</sup> The umbrella policy is excess liability coverage for the following policies: Commercial General Liability, Business Automobile Liability, Public Officials Liability, Law Enforcement, and Employment Practices Liability. The Employment Practices Liability excess coverage is subject to a \$2 million aggregate sublimit.

26. CONTINGENCIES

At April 30, 2011, the City was a defendant in two pending lawsuits. Management believes that the liability insurance of the City is sufficient to cover the asserted claims.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

27. DEFICIT FUND BALANCES

The following individual funds carried the following deficit balances as of April 30, 2011:

|                                  |           |
|----------------------------------|-----------|
| I-57 East Business District Fund | \$ 1,269  |
| South Rt 45 TIF District Fund    | \$ 69,576 |

The City intends to reduce these deficits from increased business district and TIF revenues in future periods.

28. FUTUREGEN PLEDGES AND NOTE PAYABLE

In prior years, the City of Mattoon had been working closely with Coles Together to be named as the site for the FutureGen project. This project involved 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 called for Coles Together to indemnify the City and reimburse the City for any and all costs associated with the debt. In August of 2010, the Coles Together turned down a revamped FutureGen Project (FutureGen 2.0). Since that time Coles Together has secured title to the property and is working to refinance the current amount owed to the City. Coles Together has continued to reimburse the City for all interest costs and has made principal payments when funds are available. All agreements with Coles Together are still valid and are in full force. The amount outstanding as of April 30, 2011 was \$1,614,047.

**CITY OF MATTOON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**

**29. RECLASSIFICATIONS**

Effective May 1, 2010, the City of Mattoon determined that the Cemetery Fund, part of the Business-type Activities, should be reclassified to the General Fund, part of Governmental Activities. As a result, the Cemetery Fund's portion of capital assets, long-term liabilities, and remaining equity were adjusted as noted below.

|   | <u>General Fund</u> | <u>Cemetery Fund</u> | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|---|---------------------|----------------------|------------------------------------|-------------------------------------|
| Fund balance at April 30, 2010                              | \$ 1,381,778        |                      |                                    |                                     |
| Net assets at April 30, 2010                                |                     | \$ 110,422           | \$ 25,101,671                      | \$ 25,006,485                       |
| Adjustment for reclassification<br>of capital assets        | --                  | (78,770)             | 78,770                             | (78,770)                            |
| Adjustment for reclassification<br>of long-term liabilities | --                  | 28,338               | (28,338)                           | 28,338                              |
| Adjustment for reclassification<br>of remaining equity      | <u>59,990</u>       | <u>(59,990)</u>      | <u>59,990</u>                      | <u>(59,990)</u>                     |
| Fund balance at April 30, 2010, restated                    | <u>\$ 1,441,768</u> |                      |                                    |                                     |
| Net assets at April 30, 2010, restated                      |                     | <u>\$ --</u>         | <u>\$ 25,212,093</u>               | <u>\$ 24,896,063</u>                |

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MATTOON, ILLINOIS**

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL<br>as a<br>Percentage<br>of Covered<br>Payroll<br>[(b-a)/c] |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 12/31/10                       | \$ 5,448,120                           | \$ 9,651,177   | \$ 4,203,057                       | 56.45%                   | \$ 3,732,715              | 112.60%  |
| 12/31/09                       | 7,489,435                              | 11,563,277   | 4,073,842                          | 64.77%                   | 3,871,294                 | 105.23%  |
| 12/31/08                       | 8,610,169                              | 12,060,875   | 3,450,706                          | 71.39%                   | 4,060,785                 | 84.98%   |

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$6,477,865. On a market basis, the funded ratio would be 67.12 percent.

See accompanying notes to required supplementary information

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>( c ) | UAAL<br>as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|-----------------------------|--|
| 4/30/10                        | \$ 14,004,793                          | \$ 30,557,604  | \$ 16,552,811                      | 45.83%                   | \$ 2,020,572                | 819.21%  |
| 4/30/09                        | 12,055,157                             | 28,704,172   | 16,649,015                         | 42.00%                   | 2,229,284                   | 746.83%  |
| 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%  |

See accompanying notes to required supplementary information

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL<br>as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 4/30/10                        | \$ 14,534,029                          | \$ 33,027,916  | \$ 18,493,887                      | 44.01%                   | \$ 1,896,588              | 975.11%  |
| 4/30/09                        | 12,788,406                             | 31,736,657   | 18,948,251                         | 40.30%                   | 2,096,818                 | 903.67%  |
| 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%  |

See accompanying notes to required supplementary information

**CITY OF MATTOON, ILLINOIS**

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL<br>as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 4/30/2011                      | \$ --                                  | \$ 23,103,333  | \$ 23,103,333                      | 0.00%                    | \$ 6,789,837              | 340.26%  |
| 4/30/2010                      | --                                     | 23,181,829   | 23,181,829                         | 0.00%                    | 6,438,912                 | 360.03%  |
| 4/30/2009                      | --                                     | 26,631,983   | 26,631,983                         | 0.00%                    | 7,672,227                 | 347.12%  |

See accompanying notes to required supplementary information

**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, 2011**

|   | Budget               |                      | Actual               | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|--|
|   | Original             | Final                |                      |  |
| <b>Revenues:</b>                          |                      |                      |                      |  |
| Taxes                                     | \$ 6,106,835         | \$ 6,106,835         | \$ 6,250,361         | \$ 143,526   |
| Licenses and permits                      | 180,775              | 180,775              | 180,578              | (197)  |
| Intergovernmental revenues                | 7,629,373            | 7,629,373            | 8,385,822            | 756,449  |
| Charges for services                      | 686,303              | 686,303              | 720,514              | 34,211   |
| Fines and forfeitures                     | 134,250              | 134,250              | 111,233              | (23,017)   |
| Investment income                         | 12,900               | 12,900               | 8,453                | (4,447)  |
| Contributions & miscellaneous<br>revenues | 186,251              | 186,251              | 215,872              | 29,621   |
| <b>Total revenues</b>                     | <b>14,936,687</b>    | <b>14,936,687</b>    | <b>15,872,833</b>    | <b>936,146</b>   |
| <b>Expenditures:</b>                      |                      |                      |                      |  |
| <b>Current:</b>                           |                      |                      |                      |  |
| General government                        | 1,602,531            | 1,602,531            | 1,835,218            | (232,687)  |
| Public safety                             | 9,147,623            | 9,147,623            | 9,087,278            | 60,345   |
| Public works                              | 1,596,173            | 1,596,173            | 1,576,183            | 19,990   |
| Health and welfare                        | 198,817              | 198,817              | 206,060              | (7,243)  |
| Culture and recreation                    | 1,197,756            | 1,197,756            | 1,185,428            | 12,328   |
| Economic development                      | 60,000               | 60,000               | 114,536              | (54,536)   |
| Capital outlay                            | --                   | --                   | 371,170              | (371,170)  |
| <b>Debt service:</b>                      |                      |                      |                      |  |
| Principal                                 | 484,587              | 484,587              | 554,921              | (70,334)   |
| Interest and fiscal charges               | --                   | --                   | 189,931              | (189,931)  |
| <b>Total expenditures</b>                 | <b>\$ 14,287,487</b> | <b>\$ 14,287,487</b> | <b>\$ 15,120,725</b> | <b>\$ (833,238)</b>  |

See accompanying notes to required supplementary information

**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, 2011**

|  | Budget     |            | Actual       | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|--|------------|------------|--------------|--|
|  | Original   | Final      |              |  |
| Excess of revenues<br>over expenditures      | \$ 649,200 | \$ 649,200 | \$ 752,108   | \$ 102,908   |
| Other financing sources (uses):              |            |            |              |  |
| Transfers in                                 | 70,000     | 70,000     | 137,523      | 67,523   |
| Transfers out                                | (700,000)  | (700,000)  | (622,023)    | 77,977   |
| Proceeds from sale of assets                 | --         | --         | 52,488       | 52,488   |
| Issuance of long-term debt                   | --         | --         | 677,671      | 677,671  |
| Total other financing sources<br>(uses)      | (630,000)  | (630,000)  | 245,659      | 875,659  |
| Net change in fund balances                  | \$ 19,200  | \$ 19,200  | 997,767      | \$ 978,567   |
| Fund balance, beginning of year,<br>restated |            |            | 1,441,768    |  |
| Fund balance, end of year                    |            |            | \$ 2,439,535 |  |

See accompanying notes to required supplementary information

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
BROADWAY EAST BUSINESS DISTRICT FUND  
For the year ended April 30, 2011**

|  | <u>Budget</u>    |                  | <u>Actual</u>     | <u>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</u> |
|--|------------------|------------------|-------------------|---|
|  | <u>Original</u>  | <u>Final</u>     |                   |   |
| Revenues:  |                  |                  |                   |   |
| Taxes  | \$ 340,000       | \$ 340,000       | \$ 334,588        | \$ (5,412)  |
| Investment income  | 2,500            | 2,500            | 4,032             | 1,532   |
| Total revenues   | <u>342,500</u>   | <u>342,500</u>   | <u>338,620</u>    | <u>(3,880)</u>  |
| Expenditures:  |                  |                  |                   |   |
| Current:   |                  |                  |                   |   |
| Economic development   | --               | --               | 2,820,327         | (2,820,327)   |
| Debt service:  |                  |                  |                   |   |
| Principal  | 322,809          | 322,809          | --                | 322,809   |
| Interest and fiscal charges                                  | --               | --               | 323,237           | (323,237)   |
| Bond issuance costs  | 500              | 500              | --                | 500   |
| Total expenditures   | <u>323,309</u>   | <u>323,309</u>   | <u>3,143,564</u>  | <u>(2,820,255)</u>  |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>\$ 19,191</u> | <u>\$ 19,191</u> | (2,804,944)       | <u>\$ (2,824,135)</u>   |
| Fund balance, beginning of year                              |                  |                  | <u>3,743,103</u>  |   |
| Fund balance, end of year                                    |                  |                  | <u>\$ 938,159</u> |   |

See accompanying notes to required supplementary information

## 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, 2011, expenditures exceeded the budget for the General Fund by \$833,238 and for the Broadway East Business District Fund by \$2,820,255. These overexpenditures were funded by available fund balance in each 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, 2011**

|   | Budget                |                       | Actual              | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|---|-----------------------|-----------------------|---------------------|--|
|   | Original              | Final                 |                     |  |
| Revenues:                                 |                       |                       |                     |  |
| Intergovernmental revenues                | \$ 2,000,000          | \$ 2,000,000          | \$ 435,678          | \$ (1,564,322)   |
| Investment income                         | --                    | --                    | 8,137               | 8,137  |
| Contributions & miscellaneous revenues    | --                    | --                    | 10,565              | 10,565   |
| Total revenues                            | <u>2,000,000</u>      | <u>2,000,000</u>      | <u>454,380</u>      | <u>(1,545,620)</u>   |
| Expenditures:                             |                       |                       |                     |  |
| Current:                                  |                       |                       |                     |  |
| General government                        | --                    | --                    | 1,529               | (1,529)  |
| Public works                              | 7,600,000             | 7,600,000             | 92,720              | 7,507,280  |
| Culture and recreation                    | --                    | --                    | 896                 | (896)  |
| Economic development                      | 500,000               | 500,000               | 5,105               | 494,895  |
| Capital outlay                            | --                    | --                    | 1,296,572           | (1,296,572)  |
| Debt service:                             |                       |                       |                     |  |
| Principal                                 | --                    | --                    | 40,000              | (40,000)   |
| Interest and fiscal charges               | --                    | --                    | 353,526             | (353,526)  |
| Total expenditures                        | <u>8,100,000</u>      | <u>8,100,000</u>      | <u>1,790,348</u>    | <u>6,309,652</u>   |
| Deficiency of revenues under expenditures | (6,100,000)           | (6,100,000)           | (1,335,968)         | 4,764,032  |
| Other financing sources:                  |                       |                       |                     |  |
| Transfers in                              | <u>700,000</u>        | <u>700,000</u>        | <u>609,613</u>      | <u>(90,387)</u>  |
| Net change in fund balances               | <u>\$ (5,400,000)</u> | <u>\$ (5,400,000)</u> | <u>(726,355)</u>    | <u>\$ 4,673,645</u>  |
| Fund balance, beginning of year           |                       |                       | <u>6,364,934</u>    |  |
| Fund balance, end of year                 |                       |                       | <u>\$ 5,638,579</u> |  |

**CITY OF MATTOON, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**April 30, 2011**

|  | Motor Fuel<br>Tax Fund     | Hotel and<br>Motel Tax<br>Fund | Festival<br>Management<br>Fund | Home<br>Rehabilitation<br>Grant Fund | Revolving<br>Loan Fund     | Midtown<br>TIF<br>District<br>Fund |
|--|----------------------------|--------------------------------|--------------------------------|--------------------------------------|----------------------------|------------------------------------|
| <b>ASSETS:</b>                             |                            |                                |                                |                                      |                            |                                    |
| Cash and cash equivalents                  | \$ 1,365,010               | \$ 91,358                      | \$ 121,031                     | \$ 117                               | \$ 324,389                 | \$ 231,412                         |
| Receivables                                | 41,202                     | 35,914                         | --                             | --                                   | 108,931                    | 246,810                            |
| Due from other funds                       | 33,427                     | 25                             | --                             | --                                   | 15,467                     | --                                 |
| Prepaid items                              | --                         | --                             | 19,075                         | --                                   | --                         | --                                 |
| Long-term receivables                      | --                         | --                             | --                             | --                                   | 628,682                    | --                                 |
| Advance to other fund                      | --                         | --                             | --                             | --                                   | 5,155                      | --                                 |
| <b>Total assets</b>                        | <b><u>\$ 1,439,639</u></b> | <b><u>\$ 127,297</u></b>       | <b><u>\$ 140,106</u></b>       | <b><u>\$ 117</u></b>                 | <b><u>\$ 1,082,624</u></b> | <b><u>\$ 478,222</u></b>           |
| <b>LIABILITIES AND FUND BALANCES:</b>      |                            |                                |                                |                                      |                            |                                    |
| <b>Liabilities:</b>                        |                            |                                |                                |                                      |                            |                                    |
| Accounts payable                           | \$ 54,448                  | \$ 3,525                       | \$ 511                         | \$ 80                                | \$ --                      | \$ --                              |
| Cash overdraft                             | 22,212                     | --                             | --                             | --                                   | --                         | --                                 |
| Payroll liabilities payable                | --                         | 2,215                          | --                             | --                                   | --                         | --                                 |
| Due to other funds                         | --                         | 689                            | --                             | --                                   | 1,100                      | --                                 |
| Deferred revenue                           | --                         | 11,300                         | --                             | --                                   | --                         | 246,810                            |
| <b>Total liabilities</b>                   | <b><u>76,660</u></b>       | <b><u>17,729</u></b>           | <b><u>511</u></b>              | <b><u>80</u></b>                     | <b><u>1,100</u></b>        | <b><u>246,810</u></b>              |
| <b>Fund balances:</b>                      |                            |                                |                                |                                      |                            |                                    |
| <b>Reserved for:</b>                       |                            |                                |                                |                                      |                            |                                    |
| Prepaid items                              | --                         | --                             | 19,075                         | --                                   | --                         | --                                 |
| Advances                                   | --                         | --                             | --                             | --                                   | 5,155                      | --                                 |
| Long-term receivables                      | --                         | --                             | --                             | --                                   | 628,682                    | --                                 |
| <b>Unreserved:</b>                         |                            |                                |                                |                                      |                            |                                    |
| Undesignated                               | <u>1,362,979</u>           | <u>109,568</u>                 | <u>120,520</u>                 | <u>37</u>                            | <u>447,687</u>             | <u>231,412</u>                     |
| <b>Total fund balances (deficits)</b>      | <b><u>1,362,979</u></b>    | <b><u>109,568</u></b>          | <b><u>139,595</u></b>          | <b><u>37</u></b>                     | <b><u>1,081,524</u></b>    | <b><u>231,412</u></b>              |
| <b>Total liabilities and fund balances</b> | <b><u>\$ 1,439,639</u></b> | <b><u>\$ 127,297</u></b>       | <b><u>\$ 140,106</u></b>       | <b><u>\$ 117</u></b>                 | <b><u>\$ 1,082,624</u></b> | <b><u>\$ 478,222</u></b>           |

**CITY OF MATTOON, ILLINOIS**

**COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
April 30, 2011**

|  | <b>I-57 East<br/>TIF District<br/>Fund</b> | <b>South<br/>Rt 45<br/>Business<br/>District<br/>Fund</b> | <b>I-57 East<br/>Business<br/>District<br/>Fund</b> | <b>Broadway<br/>East TIF<br/>District<br/>Fund</b> | <b>South Rt 45<br/>TIF District<br/>Fund</b> | <b>Totals</b>       |
|--|--|---|---|--|--|---------------------|
| <b>ASSETS:</b>                             |  |   |   |  |  |                     |
| Cash and cash equivalents                  | \$ 5,254                                   | \$ 113,960  | \$ --   | \$ 18,761  | \$ --  | \$ 2,271,292        |
| Receivables                                | 23,961                                     | 9,034   | --  | 24,714   | 1,570  | 492,136             |
| Due from other funds                       | --   | --  | --  | --   | --   | 48,919              |
| Prepaid items                              | --   | --  | --  | --   | --   | 19,075              |
| Long-term receivables                      | --   | --  | --  | --   | --   | 628,682             |
| Advance to other fund                      | --   | --  | --  | --   | --   | 5,155               |
| <b>Total assets</b>                        | <b>\$ 29,215</b>                           | <b>\$ 122,994</b>   | <b>\$ --</b>  | <b>\$ 43,475</b>                                   | <b>\$ 1,570</b>                              | <b>\$ 3,465,259</b> |
| <b>LIABILITIES AND FUND BALANCES:</b>      |  |   |   |  |  |                     |
| <b>Liabilities:</b>                        |  |   |   |  |  |                     |
| Accounts payable                           | \$ --                                      | \$ --   | \$ --   | \$ --  | \$ --  | \$ 58,564           |
| Cash overdraft                             | --   | --  | --  | --   | --   | 22,212              |
| Payroll liabilities payable                | --   | --  | --  | --   | --   | 2,215               |
| Due to other funds                         | --   | --  | 1,269   | --   | 69,576                                       | 72,634              |
| Deferred revenue                           | 23,961                                     | 2,558   | --  | 24,714   | 1,570  | 310,913             |
| <b>Total liabilities</b>                   | <b>23,961</b>                              | <b>2,558</b>  | <b>1,269</b>  | <b>24,714</b>                                      | <b>71,146</b>                                | <b>466,538</b>      |
| <b>Fund balances:</b>                      |  |   |   |  |  |                     |
| <b>Reserved for:</b>                       |  |   |   |  |  |                     |
| Prepaid items                              | --   | --  | --  | --   | --   | 19,075              |
| Advances                                   | --   | --  | --  | --   | --   | 5,155               |
| Long-term receivables                      | --   | --  | --  | --   | --   | 628,682             |
| <b>Unreserved:</b>                         |  |   |   |  |  |                     |
| Undesignated                               | 5,254                                      | 120,436   | (1,269)   | 18,761   | (69,576)                                     | 2,345,809           |
| <b>Total fund balances (deficits)</b>      | <b>5,254</b>                               | <b>120,436</b>  | <b>(1,269)</b>                                      | <b>18,761</b>                                      | <b>(69,576)</b>                              | <b>2,998,721</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 29,215</b>                           | <b>\$ 122,994</b>   | <b>\$ --</b>  | <b>\$ 43,475</b>                                   | <b>\$ 1,570</b>                              | <b>\$ 3,465,259</b> |

**CITY OF MATTOON, ILLINOIS**

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

**For the year ended April 30, 2011**

|  | <b>Motor Fuel Tax<br/>Fund</b> | <b>Hotel and<br/>Motel Tax<br/>Fund</b> | <b>Festival<br/>Management<br/>Fund</b> | <b>Home<br/>Rehabilitation<br/>Grant Fund</b> | <b>Revolving<br/>Loan Fund</b> | <b>Midtown<br/>TIF District<br/>Fund</b> |
|--|--------------------------------|---|---|---|--------------------------------|--|
| <b>Revenues:</b>   |                                |   |   |   |                                |  |
| Taxes  | \$ --                          | \$ 284,202                              | \$ --                                   | \$ --   | \$ --                          | \$ 223,793                               |
| Intergovernmental revenues   | 559,817                        | --                                      | --                                      | 139   | --                             | --                                       |
| Investment income  | 1,965                          | --                                      | --                                      | --  | 20,240                         | 773                                      |
| Contributions and miscellaneous revenues                             | 537                            | --                                      | 119,990                                 | --  | --                             | --                                       |
| <b>Total revenues</b>  | <b>562,319</b>                 | <b>284,202</b>                          | <b>119,990</b>                          | <b>139</b>                                    | <b>20,240</b>                  | <b>224,566</b>                           |
| <b>Expenditures:</b>   |                                |   |   |   |                                |  |
| <b>Current:</b>  |                                |   |   |   |                                |  |
| Public works   | 568,499                        | --                                      | --                                      | --  | --                             | --                                       |
| Culture and recreation   | --                             | 241,844                                 | 165,187                                 | --  | --                             | --                                       |
| Economic development   | --                             | --                                      | --                                      | 139   | 1,190                          | 206,291                                  |
| <b>Debt service:</b>   |                                |   |   |   |                                |  |
| Principal  | --                             | --                                      | --                                      | --  | --                             | --                                       |
| Interest and fiscal charges  | --                             | --                                      | --                                      | --  | --                             | --                                       |
| <b>Total expenditures</b>  | <b>568,499</b>                 | <b>241,844</b>                          | <b>165,187</b>                          | <b>139</b>                                    | <b>1,190</b>                   | <b>206,291</b>                           |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | <b>(6,180)</b>                 | <b>42,358</b>                           | <b>(45,197)</b>                         | <b>--</b>                                     | <b>19,050</b>                  | <b>18,275</b>                            |
| <b>Other financing sources (uses):</b>                               |                                |   |   |   |                                |  |
| Transfers in   | 12,410                         | --                                      | 40,313                                  | --  | --                             | --                                       |
| Transfers out  | --                             | (40,313)                                | --                                      | --  | --                             | --                                       |
| Issuance of long-term debt   | --                             | --                                      | --                                      | --  | --                             | --                                       |
| <b>Total other financing sources (uses)</b>                          | <b>12,410</b>                  | <b>(40,313)</b>                         | <b>40,313</b>                           | <b>--</b>                                     | <b>--</b>                      | <b>--</b>                                |
| <b>Net change in fund balances</b>                                   | <b>6,230</b>                   | <b>2,045</b>                            | <b>(4,884)</b>                          | <b>--</b>                                     | <b>19,050</b>                  | <b>18,275</b>                            |
| <b>Fund balances (deficits), beginning of year</b>                   | <b>1,356,749</b>               | <b>107,523</b>                          | <b>144,479</b>                          | <b>37</b>                                     | <b>1,062,474</b>               | <b>213,137</b>                           |
| <b>Fund balances (deficits), end of year</b>                         | <b>\$ 1,362,979</b>            | <b>\$ 109,568</b>                       | <b>\$ 139,595</b>                       | <b>\$ 37</b>                                  | <b>\$ 1,081,524</b>            | <b>\$ 231,412</b>                        |

**CITY OF MATTOON, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the year ended April 30, 2011**

|  | <b>I-57 East<br/>TIF<br/>District<br/>Fund</b> | <b>South<br/>Rt 45<br/>Business<br/>District<br/>Fund</b> | <b>I-57 East<br/>Business<br/>District<br/>Fund</b> | <b>Broadway<br/>East TIF<br/>District<br/>Fund</b> | <b>South Rt 45<br/>TIF<br/>District<br/>Fund</b> | <b>Eliminations</b> | <b>Totals</b>       |
|--|--|---|---|--|--|---------------------|---------------------|
| <b>Revenues:</b>   |  |   |   |  |  |                     |                     |
| Taxes  | \$ 25,313                                      | \$ 38,836   | \$ --   | \$ 23,692  | \$ 1,351   | \$ --               | \$ 597,187          |
| Intergovernmental revenues   | --   | --  | --  | --   | --   | --                  | 559,956             |
| Investment income  | --   | 156   | --  | --   | --   | --                  | 23,134              |
| Contributions and miscellaneous revenues                             | --   | --  | --  | --   | --   | --                  | 120,527             |
| <b>Total revenues</b>  | <b>25,313</b>                                  | <b>38,992</b>   | <b>--</b>   | <b>23,692</b>                                      | <b>1,351</b>                                     | <b>--</b>           | <b>1,300,804</b>    |
| <b>Expenditures:</b>   |  |   |   |  |  |                     |                     |
| <b>Current:</b>  |  |   |   |  |  |                     |                     |
| Public works   | --   | --  | --  | --   | --   | --                  | 568,499             |
| Culture and recreation   | --   | --  | --  | --   | --   | --                  | 407,031             |
| Economic development   | 20,075   | --  | --  | 8,911  | 420,270  | --                  | 656,876             |
| <b>Debt service:</b>   |  |   |   |  |  |                     |                     |
| Principal  | --   | --  | --  | --   | 52,807   | --                  | 52,807              |
| Interest and fiscal charges  | --   | --  | --  | --   | 13,130   | --                  | 13,130              |
| <b>Total expenditures</b>  | <b>20,075</b>                                  | <b>--</b>   | <b>--</b>   | <b>8,911</b>                                       | <b>486,207</b>                                   | <b>--</b>           | <b>1,698,343</b>    |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | <b>5,238</b>                                   | <b>38,992</b>   | <b>--</b>   | <b>14,781</b>                                      | <b>(484,856)</b>                                 | <b>--</b>           | <b>(397,539)</b>    |
| <b>Other financing sources (uses):</b>                               |  |   |   |  |  |                     |                     |
| Transfers in   | --   | --  | --  | --   | --   | (40,313)            | 12,410              |
| Transfers out  | --   | --  | --  | --   | --   | 40,313              | --                  |
| Issuance of long-term debt   | --   | --  | --  | --   | 750,000  | --                  | 750,000             |
| <b>Total other financing sources (uses)</b>                          | <b>--</b>                                      | <b>--</b>   | <b>--</b>   | <b>--</b>  | <b>750,000</b>                                   | <b>--</b>           | <b>762,410</b>      |
| <b>Net change in fund balances</b>                                   | <b>5,238</b>                                   | <b>38,992</b>   | <b>--</b>   | <b>14,781</b>                                      | <b>265,144</b>                                   | <b>--</b>           | <b>364,871</b>      |
| <b>Fund balances (deficits), beginning of year</b>                   | <b>16</b>                                      | <b>81,444</b>   | <b>(1,269)</b>                                      | <b>3,980</b>                                       | <b>(334,720)</b>                                 | <b>--</b>           | <b>2,633,850</b>    |
| <b>Fund balances (deficits), end of year</b>                         | <b>\$ 5,254</b>                                | <b>\$ 120,436</b>   | <b>\$ (1,269)</b>                                   | <b>\$ 18,761</b>                                   | <b>\$ (69,576)</b>                               | <b>\$ --</b>        | <b>\$ 2,998,721</b> |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
MOTOR FUEL TAX FUND  
For the year ended April 30, 2011**

|  | <u>Budget</u>       |                     | <u>Actual</u>       | <u>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</u> |
|--|---------------------|---------------------|---------------------|---|
|  | <u>Original</u>     | <u>Final</u>        |                     |   |
| Revenues:                                    |                     |                     |                     |   |
| Intergovernmental revenues                   | \$ 468,250          | \$ 468,250          | \$ 559,817          | \$ 91,567   |
| Investment income                            | --                  | --                  | 1,965               | 1,965   |
| Contributions and miscellaneous revenues     | --                  | --                  | 537                 | 537   |
| Total revenues                               | 468,250             | 468,250             | 562,319             | 94,069  |
| Expenditures:                                |                     |                     |                     |   |
| Current:                                     |                     |                     |                     |   |
| Public works                                 | 706,600             | 706,600             | 568,499             | 138,101   |
| Deficiency of revenues under<br>expenditures | (238,350)           | (238,350)           | (6,180)             | 232,170   |
| Other financing sources:                     |                     |                     |                     |   |
| Transfers in                                 | --                  | --                  | 12,410              | 12,410  |
| Net change in fund balances                  | <u>\$ (238,350)</u> | <u>\$ (238,350)</u> | 6,230               | <u>\$ 244,580</u>   |
| Fund balance, beginning of year              |                     |                     | <u>1,356,749</u>    |   |
| Fund balance, end of year                    |                     |                     | <u>\$ 1,362,979</u> |   |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
HOTEL AND MOTEL TAX FUND  
For the year ended April 30, 2011**

|  | <u>Budget</u>    |                  | <u>Actual</u>     | <u>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</u> |
|--|------------------|------------------|-------------------|---|
|  | <u>Original</u>  | <u>Final</u>     |                   |   |
| Revenues:                                |                  |                  |                   |   |
| Taxes                                    | \$ 275,000       | \$ 275,000       | \$ 284,202        | \$ 9,202  |
| Contributions and miscellaneous revenues | 11,250           | 11,250           | --                | (11,250)  |
| Total revenues                           | 286,250          | 286,250          | 284,202           | (2,048)   |
| Expenditures:                            |                  |                  |                   |   |
| Current:                                 |                  |                  |                   |   |
| Culture and recreation                   | 226,534          | 226,534          | 241,844           | (15,310)  |
| Excess of revenues over<br>expenditures  | 59,716           | 59,716           | 42,358            | (17,358)  |
| Other financing uses:                    |                  |                  |                   |   |
| Transfers out                            | (40,313)         | (40,313)         | (40,313)          | --  |
| Net change in fund balances              | <u>\$ 19,403</u> | <u>\$ 19,403</u> | 2,045             | <u>\$ (17,358)</u>  |
| Fund balance, beginning of year          |                  |                  | <u>107,523</u>    |   |
| Fund balance, end of year                |                  |                  | <u>\$ 109,568</u> |   |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
FESTIVAL MANAGEMENT FUND  
For the year ended April 30, 2011**

|  | <u>Budget</u>    |                  |                   | <b>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</b> |
|--|------------------|------------------|-------------------|---|
|  | <u>Original</u>  | <u>Final</u>     | <u>Actual</u>     |   |
| Revenues:  |                  |                  |                   |   |
| Contributions & miscellaneous revenues                       | \$ 160,950       | \$ 160,950       | \$ 119,990        | \$ (40,960)   |
| Expenditures:  |                  |                  |                   |   |
| Current:   |                  |                  |                   |   |
| Culture and recreation                                       | <u>146,650</u>   | <u>146,650</u>   | <u>165,187</u>    | <u>(18,537)</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | 14,300           | 14,300           | (45,197)          | (59,497)  |
| Other financing sources:                                     |                  |                  |                   |   |
| Transfers in   | <u>40,313</u>    | <u>40,313</u>    | <u>40,313</u>     | <u>--</u>   |
| Net change in fund balances                                  | <u>\$ 54,613</u> | <u>\$ 54,613</u> | (4,884)           | <u>\$ (59,497)</u>  |
| Fund balance, beginning of year                              |                  |                  | <u>144,479</u>    |   |
| Fund balance, end of year                                    |                  |                  | <u>\$ 139,595</u> |   |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
HOME REHABILITATION GRANT FUND  
For the year ended April 30, 2011**

|   | <u>Budget</u>   |                |               | <b>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</b> |
|---|-----------------|----------------|---------------|---|
|   | <u>Original</u> | <u>Final</u>   | <u>Actual</u> | <u>(Negative)</u>   |
| Revenues:                               |                 |                |               |   |
| Intergovernmental revenues              | \$ 168,500      | \$ 168,500     | \$ 139        | \$ (168,361)  |
| Expenditures:                           |                 |                |               |   |
| Current:                                |                 |                |               |   |
| Economic development                    | <u>168,500</u>  | <u>168,500</u> | <u>139</u>    | <u>168,361</u>  |
| Excess of revenues over<br>expenditures | <u>\$ --</u>    | <u>\$ --</u>   | <u>--</u>     | <u>\$ --</u>  |
| Fund balance, beginning of year         |                 |                | <u>37</u>     |   |
| Fund balance, end of year               |                 |                | <u>\$ 37</u>  |   |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
REVOLVING LOAN FUND  
For the year ended April 30, 2011**

|  | <u>Budget</u>   |                 | <u>Actual</u>       | <u>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</u> |
|--|-----------------|-----------------|---------------------|---|
|  | <u>Original</u> | <u>Final</u>    |                     |   |
| Revenues:  |                 |                 |                     |   |
| Investment income  | \$ 750          | \$ 750          | \$ 20,240           | \$ 19,490   |
| Contributions and miscellaneous revenues                     | 144,000         | 144,000         | --                  | (144,000)   |
| Total revenues   | 144,750         | 144,750         | 20,240              | (124,510)   |
| Expenditures:  |                 |                 |                     |   |
| Current:   |                 |                 |                     |   |
| Economic development   | 153,100         | 153,100         | 1,190               | 151,910   |
| Excess (deficiency) of revenues<br>over (under) expenditures | (8,350)         | (8,350)         | 19,050              | 27,400  |
| Other financing sources:                                     |                 |                 |                     |   |
| Transfers in   | 15,467          | 15,467          | --                  | (15,467)  |
| Net change in fund balances                                  | <u>\$ 7,117</u> | <u>\$ 7,117</u> | 19,050              | <u>\$ 11,933</u>  |
| Fund balance, beginning of year                              |                 |                 | <u>1,062,474</u>    |   |
| Fund balance, end of year                                    |                 |                 | <u>\$ 1,081,524</u> |   |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
MIDTOWN TIF DISTRICT FUND  
For the year ended April 30, 2011**

|  | <u>Budget</u>       |                     | <u>Actual</u>     | <u>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</u> |
|--|---------------------|---------------------|-------------------|---|
|  | <u>Original</u>     | <u>Final</u>        |                   |   |
| Revenues:  |                     |                     |                   |   |
| Taxes  | \$ 200,000          | \$ 200,000          | \$ 223,793        | \$ 23,793   |
| Investment income  | 1,750               | 1,750               | 773               | (977)   |
| Total revenues   | 201,750             | 201,750             | 224,566           | 22,816  |
| Expenditures:  |                     |                     |                   |   |
| Current:   |                     |                     |                   |   |
| Economic development   | 341,100             | 341,100             | 206,291           | 134,809   |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>\$ (139,350)</u> | <u>\$ (139,350)</u> | 18,275            | <u>\$ 157,625</u>   |
| Fund balance, beginning of year                              |                     |                     | <u>213,137</u>    |   |
| Fund balance, end of year                                    |                     |                     | <u>\$ 231,412</u> |   |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
I-57 EAST TIF DISTRICT FUND  
For the year ended April 30, 2011**

|   | <u>Budget</u>   |               |                 | <b>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</b> |
|---|-----------------|---------------|-----------------|---|
|   | <u>Original</u> | <u>Final</u>  | <u>Actual</u>   |   |
| Revenues:                               |                 |               |                 |   |
| Taxes                                   | \$ 1,000        | \$ 1,000      | \$ 25,313       | \$ 24,313   |
| Expenditures:                           |                 |               |                 |   |
| Current:                                |                 |               |                 |   |
| Economic development                    | <u>800</u>      | <u>800</u>    | <u>20,075</u>   | <u>(19,275)</u>   |
| Excess of revenues over<br>expenditures | <u>\$ 200</u>   | <u>\$ 200</u> | 5,238           | <u>\$ 5,038</u>   |
| Fund balance, beginning of year         |                 |               | <u>16</u>       |   |
| Fund balance, end of year               |                 |               | <u>\$ 5,254</u> |   |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
SOUTH RT 45 BUSINESS DISTRICT FUND  
For the year ended April 30, 2011**

|   | <u>Budget</u>    |                  | <u>Actual</u>     | <u>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</u> |
|---|------------------|------------------|-------------------|---|
|   | <u>Original</u>  | <u>Final</u>     |                   |   |
| Revenues:                               |                  |                  |                   |   |
| Taxes                                   | \$ 35,000        | \$ 35,000        | \$ 38,836         | \$ 3,836  |
| Investment income                       | --               | --               | 156               | 156   |
| Total revenues                          | 35,000           | 35,000           | 38,992            | 3,992   |
| Expenditures:                           |                  |                  |                   |   |
| Current:                                |                  |                  |                   |   |
| Economic development                    | --               | --               | --                | --  |
| Excess of revenues over<br>expenditures | <u>\$ 35,000</u> | <u>\$ 35,000</u> | 38,992            | <u>\$ 3,992</u>   |
| Fund balance, beginning of year         |                  |                  | <u>81,444</u>     |   |
| Fund balance, end of year               |                  |                  | <u>\$ 120,436</u> |   |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
BROADWAY EAST TIF DISTRICT FUND  
For the year ended April 30, 2011**

|   | <u>Budget</u>   |                 |                  | Variance<br>with Final<br>Budget -<br>Positive<br>(Negative) |
|---|-----------------|-----------------|------------------|--|
|   | <u>Original</u> | <u>Final</u>    | <u>Actual</u>    |  |
| Revenues:                               |                 |                 |                  |  |
| Taxes                                   | \$ 5,000        | \$ 5,000        | \$ 23,692        | \$ 18,692  |
| Expenditures:                           |                 |                 |                  |  |
| Current:                                |                 |                 |                  |  |
| Economic development                    | --              | --              | 8,911            | (8,911)  |
| Excess of revenues over<br>expenditures | <u>\$ 5,000</u> | <u>\$ 5,000</u> | 14,781           | <u>\$ 9,781</u>  |
| Fund balance, beginning of year         |                 |                 | <u>3,980</u>     |  |
| Fund balance, end of year               |                 |                 | <u>\$ 18,761</u> |  |

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL  
BUDGETARY BASIS  
NONMAJOR SPECIAL REVENUE FUND  
SOUTH RT 45 TIF DISTRICT FUND  
For the year ended April 30, 2011**

|  | <u>Budget</u>   |               | <u>Actual</u>      | <u>Variance<br/>with Final<br/>Budget -<br/>Positive<br/>(Negative)</u> |
|--|-----------------|---------------|--------------------|---|
|  | <u>Original</u> | <u>Final</u>  |                    |   |
| Revenues:  |                 |               |                    |   |
| Taxes  | \$ 1,200        | \$ 1,200      | \$ 1,351           | \$ 151  |
| Expenditures:  |                 |               |                    |   |
| Current:   |                 |               |                    |   |
| Economic development   | 240             | 240           | 420,270            | (420,030)   |
| Debt service:  |                 |               |                    |   |
| Principal  | --              | --            | 52,807             | (52,807)  |
| Interest and fiscal charges                                  | --              | --            | 13,130             | (13,130)  |
| Total expenditures   | <u>240</u>      | <u>240</u>    | <u>486,207</u>     | <u>(485,967)</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | 960             | 960           | (484,856)          | (485,816)   |
| Other financing sources:                                     |                 |               |                    |   |
| Long-term debt issued  | --              | --            | 750,000            | 750,000   |
| Net change in fund balances                                  | <u>\$ 960</u>   | <u>\$ 960</u> | 265,144            | <u>\$ 264,184</u>   |
| Fund deficit, beginning of year                              |                 |               | <u>(334,720)</u>   |   |
| Fund deficit, end of year                                    |                 |               | <u>\$ (69,576)</u> |   |

**CITY OF MATTOON, ILLINOIS**

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

**April 30, 2011**

|                                 | <u>Health<br/>Insurance<br/>Fund</u> | <u>Insurance<br/>and Tort<br/>Judgment<br/>Fund</u> | <u>Total</u>      |
|---------------------------------|--------------------------------------|---|-------------------|
| <b>ASSETS:</b>                  |                                      |   |                   |
| Current assets:                 |                                      |   |                   |
| Cash and cash equivalents       | \$       --                          | \$ 234,901  | \$ 234,901        |
| Accounts receivable             | 8,555                                | 13,680  | 22,235            |
| Due from other funds            | 160,354                              | 81,770  | 242,124           |
| Prepaid items                   | --                                   | 128,822   | 128,822           |
| Total current assets            | <u>168,909</u>                       | <u>459,173</u>                                      | <u>628,082</u>    |
| Noncurrent assets:              |                                      |   |                   |
| Restricted assets:              |                                      |   |                   |
| Cash and cash equivalents       | <u>4,002</u>                         | <u>    --</u>                                       | <u>4,002</u>      |
| Total assets                    | <u>172,911</u>                       | <u>459,173</u>                                      | <u>632,084</u>    |
| <b>LIABILITIES:</b>             |                                      |   |                   |
| Current liabilities:            |                                      |   |                   |
| Accounts payable                | 167,415                              | 290   | 167,705           |
| Cash overdraft                  | 41                                   | --  | 41                |
| Due to other funds              | --                                   | 13,644  | 13,644            |
| Due to component units          | 1,939                                | 1,345   | 3,284             |
| Payable from restricted assets: |                                      |   |                   |
| Other payables                  | <u>3,516</u>                         | <u>    --</u>                                       | <u>3,516</u>      |
| Total current liabilities       | <u>172,911</u>                       | <u>15,279</u>                                       | <u>188,190</u>    |
| <b>NET ASSETS:</b>              |                                      |   |                   |
| 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, 2011**

|   | <u>Health<br/>Insurance<br/>Fund</u> | <u>Insurance and<br/>Tort Judgment<br/>Fund</u> | <u>Total</u>      |
|---|--------------------------------------|---|-------------------|
| Operating revenues:                     |                                      |   |                   |
| Fund charges and employee contributions | \$ 2,669,774                         | \$ 696,218                                      | \$ 3,365,992      |
| Insurance reimbursements                | 34,299                               | --  | 34,299            |
| Miscellaneous operating revenue         | <u>15,132</u>                        | <u>110,333</u>                                  | <u>125,465</u>    |
| Total operating revenue                 | <u>2,719,205</u>                     | <u>806,551</u>                                  | <u>3,525,756</u>  |
| Operating expenses:                     |                                      |   |                   |
| Administrative and general              | 124,139                              | 18,239  | 142,378           |
| Insurance                               | 189,213                              | 788,312   | 977,525           |
| Health claims and uninsured judgments   | <u>2,405,885</u>                     | <u>--</u>                                       | <u>2,405,885</u>  |
| Total operating expenses                | <u>2,719,237</u>                     | <u>806,551</u>                                  | <u>3,525,788</u>  |
| Operating loss                          | (32)                                 | --  | (32)              |
| Non-operating revenues:                 |                                      |   |                   |
| Investment income                       | <u>32</u>                            | <u>--</u>                                       | <u>32</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, 2011**

|   | <b>Health<br/>Insurance<br/>Fund</b> | <b>Insurance and<br/>Tort Judgment<br/>Fund</b> | <b>Total</b>   |
|---|--------------------------------------|---|----------------|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES:</b>            |                                      |   |                |
| Receipts from interfund services provided                   | \$ 2,091,191                         | \$ 787,737                                      | \$ 2,878,928   |
| Receipts from component units                               | 29,408                               | 10,629  | 40,037         |
| Receipts from employees and retirees                        | 508,483                              | --  | 508,483        |
| Payments to suppliers                                       | (312,511)                            | (738,654)                                       | (1,051,165)    |
| Payments to claimants                                       | (2,427,589)                          | --  | (2,427,589)    |
| Other receipts  | 140,731                              | 96,653  | 237,384        |
|   | 29,713                               | 156,365   | 186,078        |
| <br><b>Net cash provided by<br/>operating activities</b>    |                                      |   |                |
|   | 29,713                               | 156,365   | 186,078        |
| <br><b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES:</b>        |                                      |   |                |
| Investment income received (net of<br>expense)              | 32                                   | --  | 32             |
|   | 32                                   | --  | 32             |
| <br><b>Net increase in cash</b>                             | <br>29,745                           | <br>156,365                                     | <br>186,110    |
| <br>Cash, restricted and unrestricted,<br>beginning of year | <br>(25,784)                         | <br>78,536                                      | <br>52,752     |
| <br>Cash, restricted and unrestricted,<br>end of year       | <br>\$ 3,961                         | <br>\$ 234,901                                  | <br>\$ 238,862 |

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

**ASSETS:**

Current assets:

|                           |       |            |            |
|---------------------------|-------|------------|------------|
| Cash and cash equivalents | \$ -- | \$ 234,901 | \$ 234,901 |
|---------------------------|-------|------------|------------|

Noncurrent assets:

Restricted assets:

|                           |       |    |       |
|---------------------------|-------|----|-------|
| Cash and cash equivalents | 4,002 | -- | 4,002 |
|---------------------------|-------|----|-------|

**LIABILITIES:**

Current liabilities:

|                |      |    |      |
|----------------|------|----|------|
| Cash overdraft | (41) | -- | (41) |
|----------------|------|----|------|

|  |          |            |            |
|--|----------|------------|------------|
|  | \$ 3,961 | \$ 234,901 | \$ 238,862 |
|--|----------|------------|------------|

**CITY OF MATTOON, ILLINOIS**

**COMBINING STATEMENT OF CASH FLOWS  
(CONTINUED)  
INTERNAL SERVICE FUNDS  
For the year ended April 30, 2011**

|   | <u>Health<br/>Insurance<br/>Fund</u> | <u>Insurance and<br/>Tort Judgment<br/>Fund</u> | <u>Total</u>      |
|---|--------------------------------------|---|-------------------|
| Reconciliation of operating loss to<br>net cash provided by operating<br>activities:        |                                      |   |                   |
| Operating loss  | \$ (32)                              | \$ --   | \$ (32)           |
| Adjustments to reconcile operating<br>loss to net cash provided by<br>operating activities: |                                      |   |                   |
| (Increase) decrease in receivables  | 1,372                                | 98,674  | 100,046           |
| (Increase) decrease in due<br>from other funds  | (39,506)                             | 86,638  | 47,132            |
| (Increase) decrease in due<br>from component units  | --                                   | 521   | 521               |
| (Increase) decrease in prepaid<br>items   | 841                                  | (44,657)  | (43,816)          |
| Increase (decrease) in accounts<br>payable  | 64,708                               | 200   | 64,908            |
| Increase (decrease) in due to<br>other funds  | --                                   | 13,644  | 13,644            |
| Increase (decrease) in due to<br>component units  | (1,186)                              | 1,345   | 159               |
| Increase (decrease) in other<br>payables  | <u>3,516</u>                         | <u>--</u>                                       | <u>3,516</u>      |
| Net cash provided by operating<br>activities  | <u>\$ 29,713</u>                     | <u>\$ 156,365</u>                               | <u>\$ 186,078</u> |

**CITY OF MATTOON, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL COMPONENT UNIT (MATTOON PUBLIC LIBRARY)  
April 30, 2011**

**ASSETS:**

|                             |                         |
|-----------------------------|-------------------------|
| Cash and cash equivalents   | \$ 25,011               |
| Investments, at fair value  | 6,646                   |
| Receivables                 | 27,939                  |
| Due from primary government | 3,284                   |
| Restricted assets:          |                         |
| Investments, at fair value  | <u>25,000</u>           |
| Total assets                | <u><u>\$ 87,880</u></u> |

**LIABILITIES AND FUND BALANCE:**

**Liabilities:**

|                             |               |
|-----------------------------|---------------|
| Accounts payable            | \$ 1,556      |
| Payroll liabilities payable | 188           |
| Due to primary government   | 1,200         |
| Deferred revenue            | <u>27,939</u> |
| Total liabilities           | <u>30,883</u> |

**Fund balance:**

|                                    |                         |
|------------------------------------|-------------------------|
| Reserved for endowment             | 25,000                  |
| Unreserved                         | <u>31,997</u>           |
| Total fund balance                 | <u>56,997</u>           |
| Total liabilities and fund balance | <u><u>\$ 87,880</u></u> |

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, 2011

|   |                  |
|---|------------------|
| Revenues:                                 |                  |
| Payments from primary government          | \$ 467,757       |
| Intergovernmental revenues                | 18,677           |
| Charges for services                      | 6,060            |
| Fines and forfeitures                     | 12,605           |
| Investment income                         | 3,999            |
| Miscellaneous revenues                    | <u>22,627</u>    |
| Total revenues                            | 531,725          |
| Expenditures:                             |                  |
| Current:                                  |                  |
| Culture and recreation                    | 554,780          |
| Capital outlay                            | <u>79,138</u>    |
| Total expenditures                        | <u>633,918</u>   |
| Deficiency of revenues under expenditures | (102,193)        |
| Other financing sources:                  |                  |
| Issuance of long-term debt                | <u>140,388</u>   |
| Net change in fund balance                | 38,195           |
| Fund balance, beginning of year           | <u>18,802</u>    |
| Fund balance, end of year                 | <u>\$ 56,997</u> |

**CITY OF MATTOON, ILLINOIS**

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

**April 30, 2011**

|   | <u>Mattoon<br/>Police Pension<br/>Fund</u> | <u>Mattoon<br/>Firefighters<br/>Pension Fund</u> | <u>Totals</u>        |
|---|--|--|----------------------|
| <b>ASSETS:</b>  |  |  |                      |
| Cash  | \$ 1,226,368                               | \$ 1,354,678                                     | \$ 2,581,046         |
| Interest receivable   | 60,359                                     | 75,028   | 135,387              |
| Purchased interest  | 275  | 1,993  | 2,268                |
| Advances to primary government  | 82,868                                     | 184,239  | 267,107              |
| Investments, at fair value:   |  |  |                      |
| U.S. government obligations   | 5,883,050                                  | 5,968,526  | 11,851,576           |
| Insurance contracts   | 7,503,780                                  | 7,248,721  | 14,752,501           |
| Certificates of deposit   | 177,434                                    | --   | 177,434              |
| Total investments   | <u>13,564,264</u>                          | <u>13,217,247</u>                                | <u>26,781,511</u>    |
| Total assets  | 14,934,134                                 | 14,833,185                                       | 29,767,319           |
| <b>LIABILITIES:</b>   |  |  |                      |
| Pensions payable  | <u>131,033</u>                             | <u>166,490</u>                                   | <u>297,523</u>       |
| <b>NET ASSETS:</b>  |  |  |                      |
| Held in trust for pension benefits<br>(a schedule of funding progress is presented<br>on pages 98-99) | <u>\$ 14,803,101</u>                       | <u>\$ 14,666,695</u>                             | <u>\$ 29,469,796</u> |

**CITY OF MATTOON, ILLINOIS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY COMPONENT UNITS  
For the year ended April 30, 2011**

|   | <u>Mattoon<br/>Police Pension<br/>Fund</u> | <u>Mattoon<br/>Firefighters<br/>Pension Fund</u> | <u>Totals</u>        |
|---|--|--|----------------------|
| Additions:                                  |  |  |                      |
| Contributions:                              |  |  |                      |
| Employer                                    | \$ 1,142,947                               | \$ 1,375,069                                     | \$ 2,518,016         |
| Plan members                                | 201,004                                    | 176,119  | 377,123              |
| Total contributions                         | <u>1,343,951</u>                           | <u>1,551,188</u>                                 | <u>2,895,139</u>     |
| Investment income:                          |  |  |                      |
| Interest income                             | 279,749                                    | 300,085  | 579,834              |
| Net increase in fair value of investments   | 786,298                                    | 342,120  | 1,128,418            |
| Net investment income                       | <u>1,066,047</u>                           | <u>642,205</u>                                   | <u>1,708,252</u>     |
| Total additions                             | <u>2,409,998</u>                           | <u>2,193,393</u>                                 | <u>4,603,391</u>     |
| Deductions:                                 |  |  |                      |
| Benefits and refunds of contributions       | 1,535,712                                  | 1,972,311  | 3,508,023            |
| Miscellaneous                               | 6,564                                      | 18,710   | 25,274               |
| Total deductions                            | <u>1,542,276</u>                           | <u>1,991,021</u>                                 | <u>3,533,297</u>     |
| Change in net assets                        | 867,722                                    | 202,372  | 1,070,094            |
| Net assets held in trust, beginning of year | <u>13,935,379</u>                          | <u>14,464,323</u>                                | <u>28,399,702</u>    |
| Net assets held in trust, end of year       | <u>\$ 14,803,101</u>                       | <u>\$ 14,666,695</u>                             | <u>\$ 29,469,796</u> |

**ACCOMPANYING INFORMATION SECTION**

**CITY OF MATTOON, ILLINOIS**

**LEGAL DEBT MARGIN  
(UNAUDITED)  
April 30, 2011**

|   |                     |                       |
|---|---------------------|-----------------------|
| Assessed valuation, 2010 levy                                   |                     | <u>\$ 189,479,868</u> |
| Statutory debt limitation:<br>(8.625% of assessed valuation)    |                     | \$ 16,342,639         |
| Total debt:   |                     |                       |
| General obligation bonds  | (17,290,000)        |                       |
| Capital leases  | (566,713)           |                       |
| Notes payable   | <u>(15,065,360)</u> |                       |
| Total debt  |                     | (32,922,073)          |
| Less debt exempt from statutory debt<br>limitation computation: |                     |                       |
| General obligation bonds  | 17,290,000          |                       |
| Capital leases  | 13,158              |                       |
| Notes payable-IEPA loans  | <u>10,716,693</u>   |                       |
| Total debt exempt from statutory<br>debt limitation             |                     | <u>28,019,851</u>     |
| Legal debt margin   |                     | <u>\$ 11,440,417</u>  |

## **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

## CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## OFFICES

EDWARDSVILLE  
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GREENVILLE  
MATTOON  
SULLIVAN

### **INDEPENDENT AUDITORS' 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 basic financial statements of the City of Mattoon, Illinois, as of and for the year ended April 30, 2011, and have issued our report thereon dated October 11, 2011. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 11-01, 11-03, and 11-04 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 11-02 in to be a significant deficiency.

### **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 matters that we have reported to management of the City of Mattoon, Illinois, in a separate letter dated October 11, 2011.

The City of Mattoon, Illinois' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the City of Mattoon, Illinois' responses and, accordingly, we express no opinion on them.

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.

*Wad + Conroy, LLC*

October 11, 2011

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended April 30, 2011**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: UNQUALIFIED

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?   yes  X  no

**Federal Awards**

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs:  N/A

Any audit findings disclosed that are required to be reported in accordance with Circular A- N/A   yes   no

Identification of major programs:

CFDA Number(s) Name of federal program or cluster

This section is not applicable

Dollar threshold used to distinguish between Type A and Type B programs:  N/A

Auditee qualified as a low-risk N/A   yes   no

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND RESPONSES  
(CONTINUED)**

**For the year ended April 30, 2011**

**Section II - Financial Statement Findings**

**FINDING NO. 11-01 – Lack of Segregation of Duties and Inadequate Controls over Payroll  
(Repeat of 10-01)**

**Criteria/Specific Requirement:**

Internal controls should be in place that provide reasonable assurance that payroll is properly authorized, recorded, and paid.

**Condition:**

The payroll function is performed almost entirely by one individual. The auditors, in their review of the City's payroll records, noted that the information on the federal and Illinois W-4 forms for 11 out of 60 employees did not agree to the information in the payroll system used to calculate federal and state withholdings. In addition, City employees were unable to locate one Form W-4 and three Forms IL-W-4.

**Effect:**

Because of the lack of segregation of duties and internal controls, employees' pay may be calculated incorrectly and payroll taxes and other withholdings may not be accurately withheld and paid.

**Cause:**

According to City officials, they do not have adequate staffing to provide appropriate segregation of duties. Also, there are no procedures in place to require management's approval before initiating the payment of payroll taxes and other withholdings.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**(CONTINUED)**  
**For the year ended April 30, 2011**

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 11-01 – Lack of Segregation of Duties and Inadequate Controls over Payroll**  
**(Repeat of 10-01)** (Continued)

**Auditors' Recommendation:**

Procedures should be implemented to ensure that all changes to employees' pay, such as an updated Form W-4, are properly entered into the payroll system and that documentation of such changes are maintained in the employees' files. Payroll taxes and other withholdings should be reviewed and approved by management before they are paid.

**Management's Response:**

The City has changed its process for the handling of all payroll changes. In the past some changes were handled by the Assistant Finance Director and some were handled by the City Clerk (who also controls the individual personnel files). This split of duties resulted in errors and some of the payroll change forms not being filed in the appropriate personnel file. The City has implemented a policy that all payroll changes will be initiated at the City Clerks office. Additionally the City has implemented a policy that the City Treasurer will review all payroll tax payments and returns prior to them being filed.

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND RESPONSES  
(CONTINUED)**

**For the year ended April 30, 2011**

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 11-02 – Inadequate Controls over Billed Revenues and Receivables (Repeat of 10-02)**

**Criteria/Specific Requirement:**

Internal controls should be in place that provide reasonable assurance that invoices are properly prepared and receivables are properly authorized, recorded, and received.

**Condition:**

Various departments prepare their own billings and the related receivables may not be recorded in a timely fashion or at all. Erroneous invoices could be prepared and mailed without review and approval procedures. In addition, the ambulance billings are prepared for the City by a third party. The revenue and receivable records are not reconciled between the City and the third party and outstanding invoices are not reviewed periodically to determine collectability.

**Effect:**

The financial statements could be misstated due to receivables that were not reported to the finance department, revenues that were improperly billed, revenues not reconciled between the City and the ambulance billings preparer, and uncollectible receivables from ambulance billings.

**Cause:**

There are no procedures in place for the review and approval of invoices or to report to the finance department when an invoice is prepared and sent from other departments. There are also no procedures implemented to provide adequate controls over the ambulance billing process, which just began in the fiscal year ended April 30, 2011.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**(CONTINUED)**  
**For the year ended April 30, 2011**

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 11-02 – Inadequate Controls over Billed Revenues and Receivables (Repeat of 10-02) (Continued)**

**Auditors' Recommendation:**

The City should develop a centralized billing function for all receivables. The centralized billing function could receive billing information from the other departments, prepare invoices, and send the invoices back to the other departments for review, approval, and mailing. Also, the billing function should reconcile revenues between the City and the ambulance billing preparer and review ambulance receivables for uncollectible accounts.

**Management's Response:**

The City is in the process of developing an Accounts Receivable program through the Finance Department. This program will centralize the billed revenues and receivables processes. The Finance Department will receive and review the invoices prepared by the various departments, enter them into the City's accounting system, return the processed invoice to the department for review and then monitor, track and report the status for the receivable until collected by the Finance Department. This process will include the coordination with the City Ambulance billing provider.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**(CONTINUED)**  
**For the year ended April 30, 2011**

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 11-03 – Inadequate Controls over Compliance Requirements for Grants**  
**(Repeat of 10-03)**

**Criteria/Specific Requirement:**

The A-102 Common Rule and OMB Circular A-110 require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The objectives of internal control pertaining to the compliance requirements for federal programs are found in OMB Circular A-133.

**Condition:**

The City does not have a centralized system to ensure compliance with compliance requirements applicable to its Federal, State, and local grants.

**Effect:**

The City could inadvertently not comply with provisions of a grant, which could result in the granting agency requesting reimbursement or adjusting future grant awards.

**Cause:**

The City did not realize that its procedures do not meet the objectives for internal control over compliance requirements for grants.

**Auditors' Recommendation:**

The City should implement centralized internal control procedures to ensure that all grant transactions are properly recorded and accounted for and are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements.

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND RESPONSES  
(CONTINUED)**

**For the year ended April 30, 2011**

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 11-03 – Inadequate Controls over Compliance Requirements for Grants  
(Repeat of 10-03) (Continued)**

**Management's Response:**

The City would like to centralize the processing of grant applications and monitoring. At this time the number and frequency of the grants received make it improbable that the City will be able to effectively centralize this process. During the next fiscal year the City will attempt to put a process in place to centralize the grant process and better monitor the grants received by the City. Budgetary concerns and lack of necessary personnel will keep this finding from being corrected within the current fiscal year.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**(CONTINUED)**  
**For the year ended April 30, 2011**

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 11-04 – Inadequate Controls over Capital Assets**

**Criteria/Specific Requirement:**

Internal controls should be in place that provide reasonable assurance that capital assets are properly authorized, recorded, received, and disposed.

**Condition:**

The City does not keep track of capital outlay during the year. They are recorded to various expenditure accounts that may also include non-capital outlay transactions, such as payments on debt used to purchase capital assets. Further, the City does not keep a listing of all capital assets aside from an incomplete listing used for insurance purposes. When assets are disposed, the proceeds are reported in a miscellaneous revenue account. The City does not keep track of these dispositions during the year.

**Effect:**

The financial statements could be misstated due to not locating capital outlay expenditures within various accounts throughout the general ledger and inadvertently omitting sales or other dispositions of capital assets.

**Cause:**

There are no procedures in place to maintain a listing of capital assets, updated periodically for capital outlay additions and dispositions.

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND RESPONSES  
(CONTINUED)**

**For the year ended April 30, 2011**

**Section II - Financial Statement Findings (Continued)**

**FINDING NO. 11-04 – Inadequate Controls over Capital Assets (Continued)**

**Auditors' Recommendation:**

The City should implement internal control procedures to ensure that all capital assets are maintained in a listing that includes an asset description, date purchased, cost, and other information necessary to properly track such assets. The accounts used to record capital outlay should be limited to the minimum number required to properly track projects and non-capital items should be excluded from these accounts. A list of disposals, including sales and abandonments, should be maintained and proceeds from sales of capital assets should be reported in such an account.

**Management's Response:**

The City intends to designate an individual to be responsible for tracking all capital asset acquisitions and disposals. This person will be responsible for maintaining a central database of the capital assets of the City. The database will include a description of each asset, a tracking number, the date purchased, cost and other pertinent data relevant to monitoring the asset. Budgetary concerns and lack of necessary personnel may keep this finding from being corrected within the current fiscal year.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**(CONTINUED)**  
**For the year ended April 30, 2011**

**Section III - Federal Award Findings**

This section is not applicable for the year ended April 30, 2011.

**CITY OF MATTOON, ILLINOIS**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended April 30, 2011**

**Corrective Action Plan**

**FINDING NO. 11-01 – Lack of Segregation of Duties and Inadequate Controls over Payroll  
(Repeat of 10-01)**

**Condition:**

The payroll function is performed almost entirely by one individual. The auditors, in their review of the City's payroll records, noted that the information on the federal and Illinois W-4 forms for 11 out of 60 employees did not agree to the information in the payroll system used to calculate federal and state withholdings. In addition, City employees were unable to locate one Form W-4 and three Forms IL-W-4.

**Plan:**

The City has implemented a policy that all payroll changes will be initiated at the City Clerks office. Additionally the City has implemented a policy that the City Treasurer will review all payroll tax payments and returns prior to them being filed.

**Anticipated Date of Completion:**

October 7, 2011

**Name of Contact Person:**

J. Preston Owen, City Attorney & Treasurer

**CITY OF MATTOON, ILLINOIS**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
(CONTINUED)**

**For the year ended April 30, 2011**

**Corrective Action Plan (Continued)**

**FINDING NO. 11-02 – Inadequate Controls over Billed Revenues and Receivables (Repeat of 10-02)**

**Condition:**

Various departments prepare their own billings and the related receivables may not be recorded in a timely fashion or at all. Erroneous invoices could be prepared and mailed without review and approval procedures. In addition, the ambulance billings are prepared for the City by a third party. The revenue and receivable records are not reconciled between the City and the third party and outstanding invoices are not reviewed periodically to determine collectability.

**Plan:**

The Finance Department will receive and review the invoices prepared by the various departments, enter them into the City's accounting system, return the processed invoice to the department for review and then monitor, track and report the status for the receivable until collected by the Finance Department. This process will include the coordination with the City Ambulance billing provider.

**Anticipated Date of Completion:**

April 30, 2012

**Name of Contact Person:**

J. Preston Owen, City Attorney & Treasurer

**CITY OF MATTOON, ILLINOIS**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
(CONTINUED)**

**For the year ended April 30, 2011**

**Corrective Action Plan (Continued)**

**FINDING NO. 11-03 – Inadequate Controls over Compliance Requirements for Grants  
(Repeat of 10-03)**

**Condition:**

The City does not have a centralized system to ensure compliance with compliance requirements applicable to its Federal, State, and local grants.

**Plan:**

The City intends to adopt a policy and procedure for centralizing the tracking of grant applications and monitoring. The policy and procedure would include a central database for tracking grants and monitoring the grant progress and providing oversight for the grant. In addition the individual responsible for the process would also be responsible for the grant progress reporting and closeout reporting.

**Anticipated Date of Completion:**

April 30, 2013

**Name of Contact Person:**

J. Preston Owen, City Attorney & Treasurer

**CITY OF MATTOON, ILLINOIS**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**(CONTINUED)**  
**For the year ended April 30, 2011**

**Corrective Action Plan (Continued)**

**FINDING NO. 11-04 – Inadequate Controls over Capital Assets**

**Condition:**

The City does not keep track of capital outlay during the year. They are recorded to various expenditure accounts that may also include non-capital outlay transactions, such as payments on debt used to purchase capital assets. Further, the City does not keep a listing of all capital assets aside from an incomplete listing used for insurance purposes. When assets are disposed, the proceeds are reported in a miscellaneous revenue account. The City does not keep track of these dispositions during the year.

**Plan:**

The City intends to designate an individual to be responsible for tracking all capital asset acquisitions and disposals. This person will be responsible for maintaining a central database of the capital assets of the City. The database will include a description of each asset, a tracking number, the date purchased, cost and other pertinent data relevant to monitoring the asset.

**Anticipated Date of Completion:**

April 30, 2012

**Name of Contact Person:**

J. Preston Owen, City Attorney & Treasurer

**CITY OF MATTOON, ILLINOIS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended April 30, 2011**

| <b>Finding<br/>Number</b> | <b>Condition</b>   | <b>Current<br/>Status</b> |
|---------------------------|--|---------------------------|
| 10-01                     | Lack of Segregation of Duties and Inadequate Controls over Payroll | Repeated                  |
| 10-02                     | Inadequate Controls over Billed Receivables                        | Repeated                  |
| 10-03                     | Inadequate Controls over Compliance Requirements for Grants        | Repeated                  |