

**CITY OF MATTOON, ILLINOIS**

**FINANCIAL STATEMENTS**  
**WITH ACCOMPANYING INFORMATION**

**For the year ended April 30, 2012**  
**and**  
**INDEPENDENT AUDITORS' REPORTS**



**CITY OF MATTOON, ILLINOIS**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Mayor and City Commissioners  
City of Mattoon  
Mattoon, Illinois 61938

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mattoon, Illinois, as of April 30, 2012 and for the year then 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2013, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15, budgetary comparison information on pages 100 through 102, Illinois Municipal Retirement Fund Schedule of Funding Progress on page 96, pension plans' Schedules of Funding Progress on pages 97 through 98, and post-employment healthcare benefit program's Schedule of Funding Progress on page 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally applied in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mattoon, Illinois' financial statements. The major fund schedule, combining and individual nonmajor fund financial statements and schedules, the combining and individual component unit statements, and schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major fund schedule, combining and individual nonmajor fund financial statements and schedules, the combining and individual component unit statements, and schedule of expenditures of federal awards as required by OMB Circular A-133 are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 computation of legal debt margin is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express or provide any assurance on it.

Walt & Co., LLC  
April 30, 2013

**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, 2012. 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 \$88,265,731 and liabilities of \$39,649,150, resulting in net assets of \$48,616,581 as of April 30, 2012. Total assets decreased from April 30, 2011 by \$3,006,931, total liabilities decreased from April 30, 2011 by \$3,340,962, and net assets increased from April 30, 2011 by \$334,031. Of the net assets as of April 30, 2012, \$48,959,964 represents the City's investment in capital assets, net of related debt, \$1,989,150 is held for restricted purposes, and (\$2,332,533) 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 \$1.7 million, from \$10.3 million to \$8.6 million. The City's cash position in the business-type activities increased by approximately \$60,000, from \$2.59 million to \$2.53 million.

- The following table shows the changes in major revenue sources from 2011 to 2012.

**City of Mattoon, Illinois  
Changes in Major Revenue Sources  
April 30, 2012**

<b>Source</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Intergovernmental Shared Revenues	\$ 10,395,121	\$ 9,471,764	\$ 923,357
Property Tax Revenues	\$ 4,179,038	\$ 4,022,762	\$ 156,276
Utility Tax Revenues	\$ 1,216,242	\$ 1,303,379	\$ (87,137)
Hotel Tax Revenues	\$ 297,270	\$ 284,202	\$ 13,068
Water Fund Charges for Services	\$ 3,264,266	\$ 3,219,471	\$ 44,795
Sewer Fund Charges for Services	\$ 3,728,979	\$ 3,721,273	\$ 7,706
Governmental Activities Charges for Services	\$ 1,279,817	\$ 1,020,245	\$ 259,572
Table Totals	\$ 24,360,733	\$ 23,043,096	\$ 1,317,637

- In the past the City has funded capital improvements on a year-to-year basis with little planning for future fiscal years. During FY 2012, the City implemented a Mobile Equipment Fund as the funding mechanism for the continuous replacement of the City's aging vehicle fleet. The City has continued to upgrade the technology used in operations and for the improvement of utility services. However, the City still has not put in place a long-term capital budget for the replacement of aging infrastructure. The continued tightening of the City's budget has made the lack of a capital plan a significant issue.

- Illinois statute restricts municipality general obligation debt to less than 8.625% of equalized property value. As most of Mattoon's debt will be retired from revenue sources other than property taxes, the City's general obligation debt is well below the statutory limit.

## 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, 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 128 through 129 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, 2012. 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.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current & Other Assets	\$17,815,175	\$20,526,870	\$3,086,895	\$3,078,179	\$20,902,070	\$23,605,049
Capital Assets (net)	\$26,558,069	\$25,691,080	\$38,766,279	\$39,968,696	\$65,324,348	\$65,659,776
<b>Total Assets</b>	<b>\$44,373,244</b>	<b>\$46,217,950</b>	<b>\$41,853,174</b>	<b>\$43,046,875</b>	<b>\$86,226,418</b>	<b>\$89,264,825</b>
Current Liabilities	\$5,293,483	\$6,889,309	\$449,798	\$440,913	\$5,743,281	\$7,330,222
Non-current Liabilities	\$17,357,108	\$17,558,450	\$16,379,729	\$17,939,986	\$33,736,837	\$35,498,436
<b>Total Liabilities</b>	<b>\$22,650,591</b>	<b>\$24,447,759</b>	<b>\$16,829,527</b>	<b>\$18,380,899</b>	<b>\$39,480,118</b>	<b>\$42,828,658</b>
Invested in Capital Assets, Net of Debt	\$23,633,275	\$21,900,813	\$24,469,647	\$23,966,707	\$48,102,922	\$45,867,520
Restricted	\$1,964,150	\$2,243,525	\$0	\$0	\$1,964,150	\$2,243,525
Unrestricted	(\$2,874,772)	(\$2,374,147)	\$554,000	\$699,269	(\$2,320,772)	(\$1,674,878)
<b>Total Net Assets</b>	<b>\$21,722,653</b>	<b>\$21,770,191</b>	<b>\$25,023,647</b>	<b>\$24,665,976</b>	<b>\$47,746,300</b>	<b>\$46,436,167</b>
Total Net Assets as a % of Total Liabilities	96%	89%	149%	134%	121%	108%
Unrestricted Net Assets as a % of Total Liabilities	(12.7%)	(9.7%)	3.3%	3.8%	(5.8%)	(3.9%)

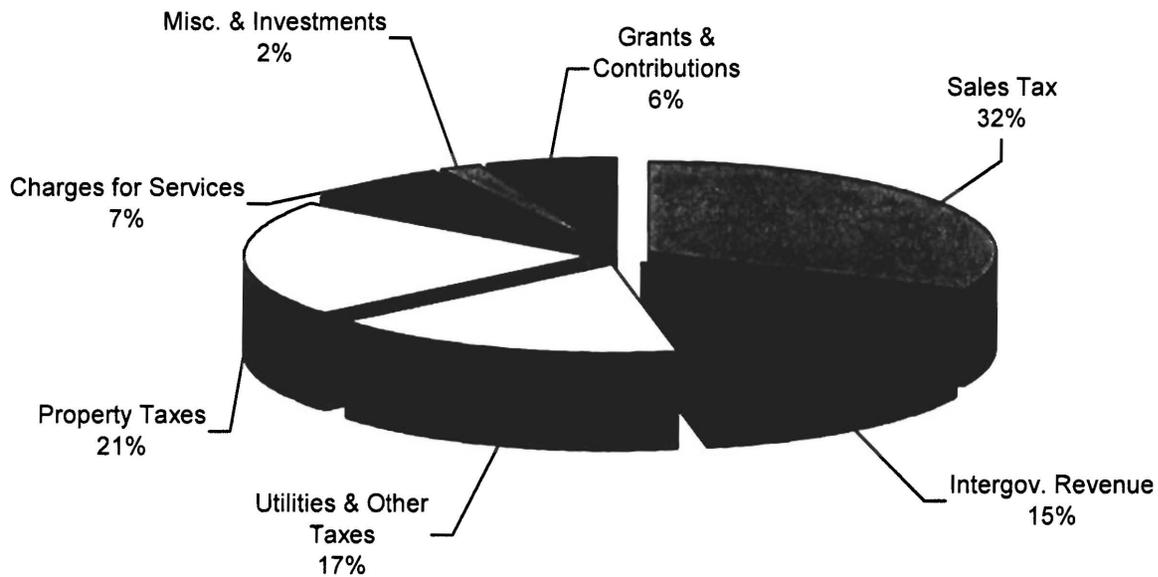
As of April 30, 2012, the Governmental Activities have negative Unrestricted Net Assets of \$2,874,772. This is due to the liabilities. The Business Type Activities have unrestricted net Assets of \$554,000. Overall the City is able to report positive balances in net assets for the governmental activities 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	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$1,279,817	\$1,020,245	\$6,993,245	\$6,940,744	\$8,273,062	\$7,960,989
Operating Grants & Contr.	\$461,437	\$193,912	\$0	\$0	\$461,437	\$193,912
Capital Grants & Contr.	\$693,872	\$297,930	\$19,851	\$8,706	\$713,723	\$306,636
General Revenues						
Property Taxes	\$4,034,733	\$3,881,483	\$0	\$0	\$4,034,733	\$3,881,483
Sales Taxes	\$5,980,133	\$5,812,026	\$0	\$0	\$5,980,133	\$5,812,026
Utility Taxes	\$1,216,242	\$1,303,379	\$0	\$0	\$1,216,242	\$1,303,379
Telecommunication Taxes	\$858,897	\$888,673	\$0	\$0	\$858,897	\$888,673
Other Taxes	\$1,172,453	\$1,097,500	\$0	\$0	\$1,172,453	\$1,097,500
Intergovernmental Rev.	\$2,897,976	\$2,799,684	\$0	\$0	\$2,897,976	\$2,799,684
Investments Income	\$25,642	\$43,756	\$8,534	\$40,180	\$34,176	\$83,936
Miscellaneous Income	\$324,661	\$346,964	\$0	\$0	\$324,661	\$346,964
Gain (Loss) on Sale of Assets	\$24,007	\$15,003	\$809	(\$50,122)	\$24,816	(\$35,119)
<b>Total Revenue</b>	<b>\$18,969,870</b>	<b>\$17,700,555</b>	<b>\$7,022,439</b>	<b>\$6,939,508</b>	<b>\$25,992,309</b>	<b>\$24,640,063</b>
<b>Expenses</b>						
Program Expenses						
General Government	\$2,194,150	\$1,973,729	\$0	\$0	\$2,194,150	\$1,973,729
Public Safety	\$9,789,058	\$9,937,597	\$0	\$0	\$9,789,058	\$9,937,597
Public Works	\$3,415,823	\$3,197,986	\$0	\$0	\$3,415,823	\$3,197,986
Health and Welfare	\$184,241	\$228,228	\$0	\$0	\$184,241	\$228,228
Culture and Recreation	\$1,904,984	\$1,693,541	\$0	\$0	\$1,904,984	\$1,693,541
Economic Development	\$1,058,898	\$3,596,844	\$0	\$0	\$1,058,898	\$3,596,844
Interest on Long-Term Debt	\$604,583	\$652,055	\$0	\$0	\$604,583	\$652,055
Water	\$0	\$0	\$2,876,024	\$3,304,576	\$2,876,024	\$3,304,576
Sewer	\$0	\$0	\$3,649,240	\$3,727,496	\$3,649,240	\$3,727,496
<b>Total Expenses</b>	<b>\$19,151,737</b>	<b>\$21,279,980</b>	<b>\$6,525,264</b>	<b>\$7,032,072</b>	<b>\$25,677,001</b>	<b>\$28,312,052</b>
Increase (decrease) in net assets						
before transfers	(\$181,867)	(\$3,579,425)	\$497,175	(\$92,564)	\$315,308	(\$3,671,989)
Transfers	\$139,504	\$137,523	(\$139,504)	(\$137,523)	\$0	\$0
<b>Changes in Net Assets</b>	<b>(\$42,363)</b>	<b>(\$3,441,902)</b>	<b>\$357,671</b>	<b>(\$230,087)</b>	<b>\$315,308</b>	<b>(\$3,671,989)</b>
Net Assets - May 1 (Restated)	\$21,765,016	\$25,212,093	\$24,665,976	\$24,896,063	\$46,430,992	\$50,108,156
Net Assets - April 30	\$21,722,653	\$21,770,191	\$25,023,647	\$24,665,976	\$46,746,300	\$46,436,167

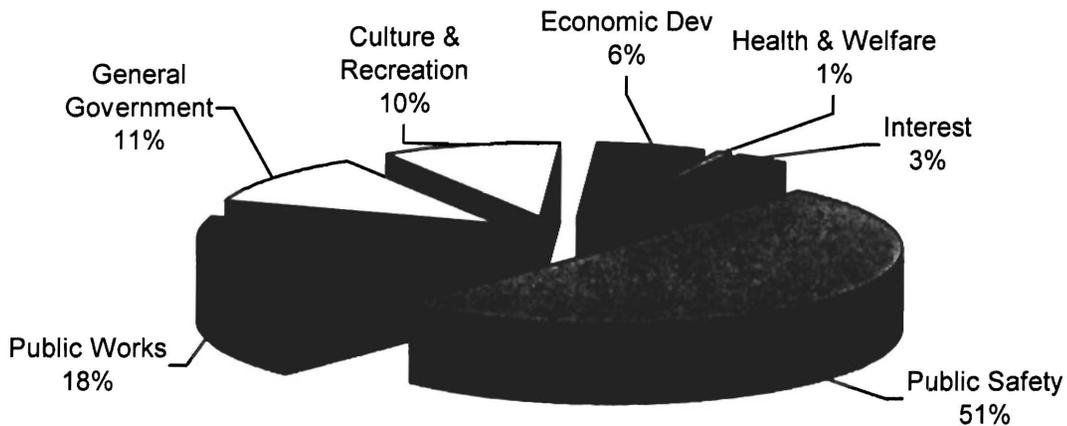
The following chart illustrates how governmental activities are funded. Sales taxes provided thirty-two percent (32%) of the governmental activities revenue. Intergovernmental revenues (state shared taxes) provided fifteen percent (15%) of the governmental activities revenue. Property taxes provided twenty-one percent (21%) of the governmental activities revenue. Utility taxes and other taxes provided seventeen percent (17%) of the governmental activities revenue. Taxes, in one form or another, comprised eighty-five percent (85%) of the governmental activities revenue. The remaining fifteen percent (15%) came from Charges for Services, seven percent (7%), Miscellaneous and Investment Revenue, two percent (2%), and Grants and Contributions, six percent (6%).

### Governmental Activities Revenue



The following chart illustrates the expenditures of the governmental activities. Public safety (fire and police protection) comprised fifty-one percent (51%) of the total expenditures of the governmental activities. Public works comprised eighteen percent (18%) of the total expenditures of the governmental activities. General government comprised eleven percent (11%) of the total expenditures of the governmental activities. The remaining twenty percent (20%) came from expenditures for culture and recreation, ten percent (10%), economic development, six percent (6%), interest, three percent (3%), and health & welfare, one percent (1%).

## Government Activities Expenses



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, 2012, the City of Mattoon's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$10,976,860, a decrease of \$1,038,134 from April 30, 2011. Of the ending fund balances total, \$576,188 is considered nonspendable, \$2,970,357 is restricted, \$4,724,491 is committed, \$93,633 is assigned, and \$2,612,191 is unassigned.

The General Fund is the primary operating fund used to account for the governmental operations of the City of Mattoon. The largest revenue sources for the General Fund are taxes and intergovernmental revenues which account for ninety percent (90%) of revenues. Public safety and public works are the primary operations of the General Fund. Approximately fifty-nine percent (59%) of the General Fund expenditures of \$15.7 million are allocated to the public safety sector. Another thirteen percent (13%) of the General Fund costs are derived from the general governmental expenditures. Approximately eleven percent (11%) of the General Fund's costs are derived from the public works operations.

The General Fund has a fund balance of \$2,867,460, an increase of \$427,925 over the balance as of April 30, 2011. The addition of the Festival Management Fund increased the fund balance of the General Fund by \$139,595. The Capital Projects Fund has a fund balance of \$4,724,491, a decrease of \$914,088 from the balance as of April 30, 2011. The Broadway East Business District Fund ended the year with a balance of \$707,632, a decrease of \$230,527 from the balance of April 30, 2011. The General Fund's unassigned 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 a previous 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 on debt for the Cross County Mall redevelopment project.

With regard to the Other Governmental Funds, the Motor Fuel Tax Fund had a total fund balance of \$1,289,023, and the Revolving Loan Fund had a total fund balance of \$991,391. The Motor Fuel Tax Fund fund balance primarily reflects the amounts designated to pay for maintenance of existing streets, resurfacing and construction of new streets. The Revolving Loan Fund 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, 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, 2012 of \$396,863. The total accumulated fund balances of all the Other Governmental Funds decreased by \$321,444 during

2011-2012. Of this amount, \$139,595 represents the reclassification of the Festival Management Fund to the General Fund.

### **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 2012 totaled \$25,023,647, an increase of \$357,671 from the previous year. The Water Fund net assets increased \$392,155 and the Sewer Fund net assets decreased \$34,484.

For the year ended April 30, 2012, revenues in the Water Fund totaled \$3,264,266 (an increase of \$44,795 from 2011), operating expenses totaled \$2,638,233 (a decrease of \$400,644 from 2011) producing operating income of \$626,033 (an increase of \$445,439 from 2011). Non-operating revenues, expenses and transfers netted a decrease of \$233,878, leaving a profit of \$392,155 or increase in the Net Assets of the Water Fund. The City Council began implementing a series of water rate increases May 1, 2010.

For the year ended April 30, 2012, revenues in the Sewer Fund totaled \$3,728,979 (an increase of \$7,706 from 2011), operating expenses totaled \$3,359,221 (a decrease of \$62,373 from 2011) producing operating income of \$369,758 (an increase of \$70,079 from 2011). Non-operating revenues, expenses and transfers netted a decrease of \$404,242, leaving a loss of \$34,484 or decrease in the Net Assets of the Sewer Fund. The Sewer Fund has had series of increases over the last seven years and will continue to have annual increases for the next three 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 100 and 101. The final 2012 General Fund budget authorized expenditures and other financing uses of \$16,323,388 funded by anticipated revenues and other financing sources of \$16,450,371 leaving the amount of revenues and other financing sources over expenditures and other financing uses of \$126,983. The actual amount of expenditures and other financing uses under revenues and other financing sources was \$181,056, a positive budget to actual variance of \$54,073. The budget to actual figures from the General Fund can be found on page 100 through 101.

The major budget variances with regard to General Fund revenues are as follows. Taxes had a negative variance of \$154,984. This amount is mostly from the Utility Tax received from Ameren. The largest variance in General Fund revenues was from Intergovernmental revenue. Intergovernmental revenues exceeded the budgeted amount by \$266,494. The total variance is largely made up of variances of (\$50,471) from Personal Property Replacement Taxes, \$99,137 from Income Tax, \$30,812 from Use Tax, \$98,594 from Sales Taxes, and \$86,251 from federal and state grants. 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 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 \$122,240. The total variance is made up of a negative variance in General Government of \$248,796, which is mainly due to higher health

insurance costs, a positive variance in Public Safety of \$234,093, a positive variance in Public Works of \$215,747, and a negative variance of \$122,163 for Culture and Recreation.

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

The Broadway East Business District Fund budget to actual variance for the year ended April 30, 2012 was a negative \$238,714. The reason for this 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, 2012.

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 113.

## 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, 2012. As summarized in the table below, the City's reported investment in capital assets for governmental and business-type activities as of April 30, 2012 totaled \$150.1 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 approximately \$84.8 million, or fifty-seven percent (57%) of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is \$65.3 million.

#### City of Mattoon, Illinois Capital Assets, Net of Accumulated Depreciation April 30, 2012

Classification	Governmental Activities	Business-type Activities	Total
Land	\$ 3,199,747	\$ 587,155 \$ 12,903,657	\$ 3,786,902
Buildings and Improvements	\$ 7,203,086		\$ 20,106,743
Equipment, furniture and vehicles	\$ 6,054,272	\$ 3,393,748	\$ 9,448,020
	\$ 921,474		
Improvements other than buildings		\$ 213,861	\$ 1,135,335
Infrastructure	\$ 59,476,423	\$ -	\$ 59,476,423
Treat. collect. and distrib. systems	\$ -	\$ 51,250,794	\$ 51,250,794
Construction in Progress	\$ 4,446,159	\$ 506,783	\$ 4,952,942
Subtotal	<u>\$ 81,301,161</u>	<u>\$ 68,855,998</u>	<u>\$150,157,159</u>
Less Accumulated Depreciation	<u>\$(54,743,092)</u>	<u>\$ (30,089,718)</u>	<u>\$ (84,832,810)</u>
Total	<u>\$ 26,558,069</u>	<u>\$ 38,766,280</u>	<u>\$ 65,324,349</u>

## Long-Term Liabilities

On April 30, 2012, the City of Mattoon had \$33,677,559 of long-term liabilities outstanding (a decrease of \$1,820,877 from April 30, 2011), as summarized in the following table:

**City of Mattoon, Illinois**  
**General Obligation Bonds, Notes Outstanding and Other Long-Term Liabilities**  
**April 30, 2012**

<b>Classification</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
General Obligation Bonds	\$ 11,251,126	\$ 4,325,322	\$ 15,576,448
Notes Payable	\$ 1,477,367	\$ 10,934,714	\$ 12,412,081
Capital Leases	\$ 493,098	\$ 0	\$ 493,098
Compensated Absences	\$ 594,336	\$ 178,276	\$ 772,612
Post-Employment Healthcare	\$ 3,541,181	\$ 882,139	\$ 4,423,320
Total	<u>\$ 17,357,108</u>	<u>\$ 16,320,451</u>	<u>\$ 33,677,559</u>

During the year ended April 30, 2012 the City issued \$2,300,000 in new debt. This new debt was used to advance refund \$2,290,000 of general obligation bonds carrying a higher rate of interest. The other existing liabilities decreased by \$2,241,831 over April 30, 2011 and the Post-Employment Healthcare Benefits liabilities increased \$1,127,249 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, 2012**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Mattoon Public Library</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 8,734,988	\$ 2,533,078	\$ 11,268,066	\$ 32,082
Investments, at fair value	--	--	--	5,628
Receivables	7,736,964	328,888	8,065,852	19,028
Internal balances	8,067	(8,067)	--	--
Due from primary government	--	--	--	1,920
Due from component units	95,831	--	95,831	--
Prepaid items	162,669	6,250	168,919	19,475
Long-term receivables	414,552	--	414,552	--
Advances to component units	84,522	--	84,522	--
Restricted assets:				
Cash and cash equivalents	277,709	119,700	397,409	--
Certificates of deposit	8,583	--	8,583	--
Investments, at fair value	--	--	--	25,000
Deferred bond issue expense	230,638	107,046	337,684	--
Cemetery development	60,652	--	60,652	--
Capital assets (net of accumulated depreciation):				
Land	3,199,747	587,155	3,786,902	--
Buildings and building improvements	4,682,517	8,208,093	12,890,610	1,931,576
Improvements other than buildings	846,929	76,684	923,613	--
Treatment, collection and distribution systems	--	27,992,749	27,992,749	--
Infrastructure	12,794,904	--	12,794,904	--
Equipment, furniture and vehicles	587,813	1,394,815	1,982,628	4,604
Construction in progress	4,446,159	506,783	4,952,942	--
<b>Total assets</b>	<b>\$ 44,373,244</b>	<b>\$ 41,853,174</b>	<b>\$ 86,226,418</b>	<b>\$ 2,039,313</b>

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF NET ASSETS  
(CONTINUED)  
April 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Mattoon Public Library
<b>LIABILITIES:</b>				
Accounts payable	\$ 380,525	\$ 96,731	\$ 477,256	\$ 8,471
Payroll liabilities payable	266,078	86,767	352,845	802
Other accrued expenses	235,779	146,600	382,379	3,583
Due to primary government	--	--	--	25,406
Due to component units	31,545	--	31,545	--
Deferred revenue	4,373,477	--	4,373,477	--
Liabilities payable from restricted assets:				
Other payables	6,079	119,700	125,779	--
Advances from primary government	--	--	--	84,522
Non-current liabilities:				
Due within one year	1,088,433	1,929,287	3,017,720	9,250
Due in more than one year	16,268,675	14,450,442	30,719,117	36,998
<b>Total liabilities</b>	<b>22,650,591</b>	<b>16,829,527</b>	<b>39,480,118</b>	<b>169,032</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	22,633,275	24,469,647	47,102,922	1,857,042
Restricted for:				
Public safety	35,517	--	35,517	--
Highways and streets	1,289,023	--	1,289,023	--
Culture and recreation	99,052	--	99,052	--
Economic development	296,348	--	296,348	--
Cemetery maintenance	244,210	--	244,210	--
Permanent endowment:				
Nonexpendable	--	--	--	25,000
Unrestricted	(2,874,772)	554,000	(2,320,772)	(11,761)
<b>Total net assets</b>	<b>\$ 21,722,653</b>	<b>\$ 25,023,647</b>	<b>\$ 46,746,300</b>	<b>\$ 1,870,281</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, 2012**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Mattoon Public Library
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>FUNCTIONS/PROGRAMS:</b>								
Primary government:								
Governmental activities:								
General government	\$ 2,194,150	\$ 212,785	\$ -	\$ -	\$ (1,981,365)	\$ -	\$ (1,981,365)	
Public safety	9,789,058	555,263	149,452	-	(9,084,343)	--	(9,084,343)	
Public works	3,415,823	81,711	12,763	663,771	(2,657,578)	--	(2,657,578)	
Health and welfare	184,241	92,769	-	-	(91,472)	--	(91,472)	
Culture and recreation	1,904,984	337,289	11,300	30,101	(1,526,294)	--	(1,526,294)	
Economic development	1,058,898	-	287,922	-	(770,976)	--	(770,976)	
Interest on long-term debt	604,583	-	-	-	(604,583)	--	(604,583)	
Total governmental activities	<u>19,151,737</u>	<u>1,279,817</u>	<u>461,437</u>	<u>693,872</u>	<u>(16,716,611)</u>	<u>--</u>	<u>(16,716,611)</u>	
Business-type activities:								
Water	2,876,024	3,264,266	-	19,851	-	408,093	408,093	
Sewer	3,649,240	3,728,979	-	-	-	79,739	79,739	
Total business-type activities	<u>6,525,264</u>	<u>6,993,245</u>	<u>-</u>	<u>19,851</u>	<u>-</u>	<u>487,832</u>	<u>487,832</u>	
Total primary government	<u>\$ 25,677,001</u>	<u>\$ 8,273,062</u>	<u>\$ 461,437</u>	<u>\$ 713,723</u>	<u>(16,716,611)</u>	<u>487,832</u>	<u>(16,228,779)</u>	
Component Unit:								
Mattoon Public Library	<u>\$ 723,093</u>	<u>\$ 14,963</u>	<u>\$ 185,749</u>	<u>\$ 65,310</u>				<u>\$ (457,071)</u>
General revenues:								
Property taxes					3,737,627	--	3,737,627	--
TIF property tax increment					297,106	--	297,106	--
Telecommunication taxes					858,897	--	858,897	--
Utility taxes					1,216,242	--	1,216,242	--
Business district taxes					361,703	--	361,703	--
Other taxes					810,750	--	810,750	--
Payments from primary government					--	--	--	471,205
Sales taxes					5,980,133	--	5,980,133	--
Income and use taxes					1,842,905	--	1,842,905	--
Other intergovernmental revenues					1,055,071	--	1,055,071	--
Investment income					25,642	8,534	34,176	278
Miscellaneous income					324,661	--	324,661	4,311
Gain on sale of capital assets					24,007	809	24,816	--
Transfers					139,504	(139,504)	--	--
Total general revenues and transfers					<u>16,674,248</u>	<u>(130,161)</u>	<u>16,544,087</u>	<u>475,794</u>
Change in net assets					(42,363)	357,671	315,308	18,723
Net assets, beginning of year					21,770,191	24,665,976	46,436,167	1,846,383
Prior period adjustment					(5,175)	--	(5,175)	5,175
Net assets, end of year					<u>\$ 21,722,653</u>	<u>\$ 25,023,647</u>	<u>\$ 46,746,300</u>	<u>\$ 1,870,281</u>

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
April 30, 2012**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Broadway East Business District Fund</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 1,133,540	\$ 4,537,651	\$ 663,415	\$ 2,108,415	\$ 8,443,021
Receivables	6,980,957	--	63,519	662,214	7,706,690
Due from other funds	2,200	251,913	--	6,424	260,537
Due from component units	95,831	--	--	--	95,831
Prepaid items	16,463	--	--	--	16,463
Long-term receivables	--	--	--	414,552	414,552
Advances to component unit	84,522	--	--	--	84,522
Cemetery development	60,652	--	--	--	60,652
Restricted assets:					
Cash and cash equivalents	271,144	--	--	--	271,144
Certificates of deposit	8,583	--	--	--	8,583
<b>Total assets</b>	<b>\$ 8,653,892</b>	<b>\$ 4,789,564</b>	<b>\$ 726,934</b>	<b>\$ 3,191,605</b>	<b>\$ 17,361,995</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 101,034	\$ 65,073	\$ --	\$ 40,213	\$ 206,320
Payroll liabilities payable	263,221	--	--	2,857	266,078
Due to other funds	399,982	--	--	3,574	403,556
Due to component units	29,625	--	--	--	29,625
Deferred revenue	4,992,570	--	19,302	467,684	5,479,556
<b>Total liabilities</b>	<b>5,786,432</b>	<b>65,073</b>	<b>19,302</b>	<b>514,328</b>	<b>6,385,135</b>
<b>Fund balances, restated:</b>					
<b>Reserved for:</b>					
Nonspendable	161,636	--	--	414,552	576,188
Restricted	--	--	707,632	2,262,725	2,970,357
Committed	--	4,724,491	--	--	4,724,491
Assigned	93,633	--	--	--	93,633
Unassigned	2,612,191	--	--	--	2,612,191
<b>Total fund balances</b>	<b>2,867,460</b>	<b>4,724,491</b>	<b>707,632</b>	<b>2,677,277</b>	<b>10,976,860</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,653,892</b>	<b>\$ 4,789,564</b>	<b>\$ 726,934</b>	<b>\$ 3,191,605</b>	<b>\$ 17,361,995</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, 2012**

Total fund balances, governmental funds	\$ 10,976,860
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	26,558,069
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,106,079
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	443,894
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(17,362,249)</u>
Net assets of governmental activities	<u>\$ 21,722,653</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, 2012**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Broadway East Business District Fund</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
<b>Revenues:</b>					
Taxes	\$ 6,303,587	\$ --	313,898	\$ 639,793	\$ 7,257,278
Licenses and permits	202,777	--	--	--	202,777
Intergovernmental revenues	8,545,807	494,732	--	837,166	9,877,705
Charges for services	916,891	--	--	--	916,891
Fines and forfeitures	135,988	--	--	--	135,988
Investment income	4,844	3,301	634	16,863	25,642
Contributions and miscellaneous revenues	315,356	265,067	--	12,634	593,057
<b>Total revenues</b>	<b>16,425,250</b>	<b>763,100</b>	<b>314,532</b>	<b>1,506,456</b>	<b>19,009,338</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	2,051,197	3,552	--	--	2,054,749
Public safety	9,193,972	7,505	--	--	9,201,477
Public works	1,654,316	70,993	--	631,424	2,356,733
Health and welfare	169,987	--	--	--	169,987
Culture and recreation	1,493,710	5,202	--	281,586	1,780,498
Economic development	159,481	--	216,318	683,099	1,058,898
Capital outlay	231,830	2,036,216	--	--	2,268,046
<b>Debt service:</b>					
Principal	621,460	230,000	130,000	21,220	1,002,680
Interest and fiscal charges	134,675	216,748	198,741	39,396	589,560
<b>Total expenditures</b>	<b>\$ 15,710,628</b>	<b>\$ 2,570,216</b>	<b>\$ 545,059</b>	<b>\$ 1,656,725</b>	<b>\$ 20,482,628</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, 2012**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Broadway East Business District Fund</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 714,622	\$ (1,807,116)	\$ (230,527)	\$ (150,269)	\$ (1,473,290)
Other financing sources (uses):					
Transfers in	177,004	893,028	--	5,920	1,075,952
Transfers out	(898,948)	--	--	(37,500)	(936,448)
Proceeds from sale of assets	188,378	--	--	--	188,378
Total other financing sources (uses)	<u>(533,566)</u>	<u>893,028</u>	<u>--</u>	<u>(31,580)</u>	<u>327,882</u>
Net change in fund balances	181,056	(914,088)	(230,527)	(181,849)	(1,145,408)
Fund balances, beginning of year	2,579,130	5,638,579	938,159	2,859,126	12,014,994
Prior period adjustment	<u>107,274</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>107,274</u>
Fund balances, end of year	<u>\$ 2,867,460</u>	<u>\$ 4,724,491</u>	<u>\$ 707,632</u>	<u>\$ 2,677,277</u>	<u>\$ 10,976,860</u>

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, 2012**

Net changes in fund balances, governmental funds \$ (1,145,408)

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. 1,001,259

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net assets. (134,270)

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. (93,575)

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. 1,002,680

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. (673,049)

Changes in net assets of governmental activities \$ (42,363)

The accompanying notes are an integral part of these financial statements

**CITY OF MATTOON, ILLINOIS**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

**April 30, 2012**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
	<b>ASSETS:</b>			
Current assets:				
Cash and cash equivalents	\$ 615,807	\$ 1,917,271	\$ 2,533,078	\$ 291,967
Receivables	144,657	184,231	328,888	30,274
Due from other funds	--	--	--	151,086
Prepaid items	--	6,250	6,250	146,206
Total current assets	<u>760,464</u>	<u>2,107,752</u>	<u>2,868,216</u>	<u>619,533</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	119,700	--	119,700	6,565
Deferred bond issue expense	74,191	32,855	107,046	--
Capital assets:				
Land	378,724	208,431	587,155	--
Buildings and building improvements	12,059,614	844,043	12,903,657	--
Improvements other than buildings	202,859	11,002	213,861	--
Treatment, collection and distribution systems	12,811,350	38,439,444	51,250,794	--
Equipment, furniture and vehicles	1,761,604	1,632,143	3,393,747	--
Construction in progress	88,625	418,158	506,783	--
Less accumulated depreciation	<u>(10,395,189)</u>	<u>(19,694,529)</u>	<u>(30,089,718)</u>	<u>--</u>
Total noncurrent assets	<u>17,101,478</u>	<u>21,891,547</u>	<u>38,993,025</u>	<u>6,565</u>
Total assets	<u>\$ 17,861,942</u>	<u>\$ 23,999,299</u>	<u>\$ 41,861,241</u>	<u>\$ 626,098</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, 2012**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	\$ 50,559	\$ 46,172	\$ 96,731	\$ 174,205
Payroll liabilities payable	38,446	48,321	86,767	--
Accrued interest	73,000	73,600	146,600	--
Due to other funds	3,724	4,343	8,067	--
Due to component units	--	--	--	1,920
Compensated absences payable - current	22,534	13,121	35,655	--
General obligation bonds - current	545,000	330,000	875,000	--
Notes payable - current	487,912	530,720	1,018,632	--
Payable from restricted assets:				
Other payables	119,700	--	119,700	6,079
Total current liabilities	<u>1,340,875</u>	<u>1,046,277</u>	<u>2,387,152</u>	<u>182,204</u>
Noncurrent liabilities:				
Long-term debt payable:				
General obligation bonds payable (net of unamortized discounts and premiums and deferred amount on refunding)	1,678,885	1,830,715	3,509,600	--
Notes payable	3,832,415	6,083,668	9,916,083	--
Compensated absences payable	90,137	52,483	142,620	--
Post-employment healthcare benefits obligation	434,831	447,308	882,139	--
Total noncurrent liabilities	<u>6,036,268</u>	<u>8,414,174</u>	<u>14,450,442</u>	<u>--</u>
Total liabilities	<u>7,377,143</u>	<u>9,460,451</u>	<u>16,837,594</u>	<u>182,204</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	10,953,137	13,516,510	24,469,647	--
Unrestricted	(468,338)	1,022,338	554,000	443,894
Total net assets	<u>\$ 10,484,799</u>	<u>\$ 14,538,848</u>	<u>\$ 25,023,647</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, 2012**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Operating revenues:				
Charges for services	\$ 3,264,266	\$ 3,728,979	\$ 6,993,245	\$ --
Fund charges and employee contributions	--	--	--	3,670,407
Insurance reimbursements	--	--	--	19,903
Operating grants	--	--	--	12,700
Miscellaneous operating revenues	--	--	--	69,497
	<u>3,264,266</u>	<u>3,728,979</u>	<u>6,993,245</u>	<u>3,772,507</u>
Total operating revenue				
Operating expenses:				
Reservoirs and sources of supply	32,376	--	32,376	--
Water treatment plant	835,950	--	835,950	--
Water distribution	358,792	--	358,792	--
Sewer collection system	--	416,483	416,483	--
Sewer lift stations	--	51,394	51,394	--
Wastewater treatment plant	--	943,896	943,896	--
Accounting and collection	300,162	307,829	607,991	--
Administrative and general	480,991	579,713	1,060,704	188,352
Insurance	--	--	--	974,593
Health claims and uninsured judgments	--	--	--	2,613,142
Depreciation	629,962	1,059,906	1,689,868	--
	<u>2,638,233</u>	<u>3,359,221</u>	<u>5,997,454</u>	<u>3,776,087</u>
Total operating expenses				
Operating income (loss)	<u>\$ 626,033</u>	<u>\$ 369,758</u>	<u>\$ 995,791</u>	<u>\$ (3,580)</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  
(CONTINUED)**

**PROPRIETARY FUNDS**

**For the year ended April 30, 2012**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Non-operating revenues (expenses):				
Investment income	\$ 3,668	\$ 4,866	\$ 8,534	\$ 3,580
Capital grant revenue	19,851	--	19,851	--
Interest expense	(227,584)	(283,977)	(511,561)	--
Gain (loss) on sale of capital assets	28,785	(27,976)	809	--
Bond issuance costs	(10,207)	(6,042)	(16,249)	--
 Total non-operating revenues (expenses)	 <u>(185,487)</u>	 <u>(313,129)</u>	 <u>(498,616)</u>	 <u>3,580</u>
 Income before transfers	 440,546	 56,629	 497,175	 --
 Transfers out	 <u>(48,391)</u>	 <u>(91,113)</u>	 <u>(139,504)</u>	 <u>--</u>
 Change in net assets	 392,155	 (34,484)	 357,671	 --
 Net assets, beginning of year	 <u>10,092,644</u>	 <u>14,573,332</u>	 <u>24,665,976</u>	 <u>443,894</u>
 Net assets, end of year	 <u>\$ 10,484,799</u>	 <u>\$ 14,538,848</u>	 <u>\$ 25,023,647</u>	 <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, 2012**

	<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> <u>Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 3,288,653	\$ 3,772,219	\$ 7,060,872	\$ --
Receipts from interfund services provided	--	--	--	3,204,554
Receipts from component units	--	--	--	47,948
Receipts from employees and retirees	--	--	--	493,935
Payments to employees	(745,920)	(868,462)	(1,614,382)	--
Payments to suppliers	(830,836)	(877,478)	(1,708,314)	(1,186,594)
Payments to claimants	--	--	--	(2,610,806)
Payments for interfund services used	(321,646)	(403,670)	(725,316)	--
Operating grants	--	--	--	12,700
Other receipts	--	--	--	94,353
	<u>1,390,251</u>	<u>1,622,609</u>	<u>3,012,860</u>	<u>56,090</u>
<b>CASH FLOWS FOR NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers out	<u>(48,391)</u>	<u>(91,113)</u>	<u>(139,504)</u>	<u>--</u>
	<u>(48,391)</u>	<u>(91,113)</u>	<u>(139,504)</u>	<u>--</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases of capital assets	(161,968)	(353,858)	(515,826)	--
Proceeds from capital grants	4,458	3,763	8,221	--
Proceeds from issuance of debt	2,292,394	--	2,292,394	--
Principal payments on debt	(3,286,094)	(838,461)	(4,124,555)	--
Interest and fiscal charges	(225,386)	(282,930)	(508,316)	--
Proceeds from sale of assets	28,785	400	29,185	--
	<u>\$ (1,347,811)</u>	<u>\$ (1,471,086)</u>	<u>\$ (2,818,897)</u>	<u>\$ --</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, 2012**

	<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> <u>Funds</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income received (net of expense)	\$ 3,668	\$ 4,866	\$ 8,534	\$ 3,580
Proceeds from the maturities of investments	363,984	426,712	790,696	--
Net cash provided by investing activities	367,652	431,578	799,230	3,580
Net increase in cash	361,701	491,988	853,689	59,670
Cash, restricted and unrestricted, beginning of year	373,806	1,425,283	1,799,089	238,862
Cash, restricted and unrestricted, end of year	<u>\$ 735,507</u>	<u>\$ 1,917,271</u>	<u>\$ 2,652,778</u>	<u>\$ 298,532</u>

PER STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

ASSETS:

Current assets:

Cash and cash equivalents	\$ 615,807	\$ 1,917,271	\$ 2,533,078	\$ 291,967
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Noncurrent assets:

Restricted assets:

Cash and cash equivalents	119,700	--	119,700	6,565
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	<u>\$ 735,507</u>	<u>\$ 1,917,271</u>	<u>\$ 2,652,778</u>	<u>\$ 298,532</u>
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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, 2012**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Internal</u> <u>Service Funds</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 626,033	\$ 369,758	\$ 995,791	\$ (3,580)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	629,962	1,059,906	1,689,868	--
(Increase) decrease in receivables	25,407	43,240	68,647	(8,039)
(Increase) decrease in due from other funds	5,318	8,301	13,619	91,038
(Increase) decrease in prepaid items	--	--	--	(17,384)
Increase (decrease) in accounts payable	6,078	22,172	28,250	6,500
Increase (decrease) in payroll liabilities payable	6,135	4,321	10,456	--
Increase (decrease) in due to other funds	(12,662)	(13,902)	(26,564)	(13,644)
Increase (decrease) in due to component units	--	--	--	(1,364)
Increase (decrease) in compensated absences payable	9,320	9,699	19,019	--
Increase (decrease) in meter deposits payable	(1,021)	--	(1,021)	--
Increase (decrease) in other post-employment benefits payable	95,681	119,114	214,795	--
Increase (decrease) in other payables	--	--	--	2,563
Net cash provided by operating activities	<u>\$ 1,390,251</u>	<u>\$ 1,622,609</u>	<u>\$ 3,012,860</u>	<u>\$ 56,090</u>

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, 2012**

	<b>Pension Component Units</b>
<b>ASSETS:</b>	
Cash	\$ 3,679,845
Interest receivable	107,219
Purchased interest	2,123
Due from primary government	29,625
Investments, at fair value:	
U.S. government obligations	9,962,151
Insurance contracts	15,914,108
Certificates of deposit	175,406
Total investments	26,051,665
Total assets	29,870,477
<b>LIABILITIES:</b>	
Accounts payable	1,649
Pensions payable	170,607
Due to primary government	70,425
Total liabilities	242,681
<b>NET ASSETS:</b>	
Held in trust for pension benefits (a schedule of funding progress is presented on pages 98-99)	\$ 29,627,796

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, 2012**

	<b><u>Pension Component Units</u></b>
Additions:	
Contributions:	
Employer	\$ 2,375,312
Plan members	<u>414,443</u>
Total contributions	<u>2,789,755</u>
Investment income:	
Interest income	576,387
Net increase in fair value of investments	<u>491,882</u>
Net investment income	<u>1,068,269</u>
Total additions	<u>3,858,024</u>
Deductions:	
Benefits and refunds of contributions	3,672,296
Administrative expenses	<u>27,728</u>
Total deductions	<u>3,700,024</u>
Change in net assets	158,000
Net assets held in trust, beginning of year	<u>29,469,796</u>
Net assets held in trust, end of year	<u><u>\$ 29,627,796</u></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.

**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 2010 tax extension to the City on June 24, 2011, August 26, 2011, September 30, 2011, and November 18, 2011. The City Council adopted the 2011 tax levy (receivable in calendar year 2012) on December 6, 2011. For governmental fund financial statements, the 2011 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 2011 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 2010 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.

Receivables 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

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and liabilities in a governmental fund. The following types of fund balances may be presented in the Balance Sheet – Governmental Funds, Combining Balance Sheet – Nonmajor Special Revenue Funds, and Balance Sheet – Governmental Component Unit (Mattoon Public Library):

**Nonspendable Fund Balance** – The portion of a governmental fund’s fund balance that is not available to be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The General Fund, Revolving Loan Fund, and Governmental Component Unit (Mattoon Public Library) present nonspendable fund balances.

**Restricted Fund Balance** – The portion of a governmental fund’s fund balance that is subject to constraints either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The following funds present fund balances that are restricted: Broadway East Business District Fund, Motor Fuel Tax Fund, Hotel and Motel Tax Fund, Home Rehabilitation Grant Fund, Revolving Loan Fund, Midtown TIF District Fund, I-57 East TIF District Fund, South Rt 45 Business District Fund, I-57 East Business District Fund, Broadway East TIF District Fund, and South Rt 45 TIF District Fund.

**Committed Fund Balance** – The portion of a governmental fund’s fund balance with self-imposed constraints or limitations that have been imposed by action of the government’s highest level of decision-making. The Capital Projects Fund presents a committed fund balance.

**Assigned Fund Balance** – The portion of a governmental fund’s fund balance denoting a government’s intended use of resources. The General Fund presents an assigned fund balance.

**Unassigned Fund Balance** – The portion of a governmental fund’s fund balance that is not designated for a specific purpose. The General Fund presents an unassigned fund balance.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Net Assets

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

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

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

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

The governmental activities column on the statement of net assets reports \$1,964,150 of restricted net assets, of which \$99,052 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.

F. Use of Estimates

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. New Accounting Pronouncement

In 2012, the City of Mattoon has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Type Definitions, and GASB Statement No.59, Financial Instruments Omnibus. The City implemented these standards during the current year; however GASB Statement No. 59 had no impact on the financial statements. The implementation of GASB Statement No. 54 changed fund balance reporting for governmental funds by adding some additional fund balance classifications, clarifying governmental fund type definitions, and providing additional disclosures on how fund balance constraints are imposed and may be modified or eliminated.

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	\$ (11,206,000)
Less: Deferred charge on refunding (to be amortized as interest expense)	38,221
Plus: Deferred issuance premium (to be amortized as interest expense)	(83,347)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	230,638
Accrued interest payable	(235,778)
Capital leases payable	(493,099)
Notes payable	(1,477,367)
Compensated absences payable	(594,336)
Post-employment healthcare benefits obligation	<u>(3,541,181)</u>
 Net adjustment to reduce "total fund balances, governmental funds" to arrive at "net assets of governmental activities"	 <u>\$ (17,362,249)</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	\$	2,268,046
Depreciation expense		<u>(1,266,787)</u>
Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities"	\$	<u>1,001,259</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	\$	24,007
Proceeds from sale of assets		(188,378)
Capital assets provided by grants		<u>30,101</u>
Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities"	\$	<u>(134,270)</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:

Principal repayments		
General obligation bonds	\$	754,000
Capital leases		60,457
Notes payable		188,223
Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities"	\$	1,002,680

**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	\$	254,428
Accrued interest		4,389
Amortization of deferred charge on refunding		(8,320)
Amortization of deferred bond premium		5,396
Amortization of deferred bond issuance costs		(16,487)
Post-employment healthcare benefits obligation		<u>(912,455)</u>
Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities"	\$	<u>(673,049)</u>

3. DEPOSITS AND INVESTMENTS

A. Deposits

At April 30, 2012, the carrying amount of the primary government's deposits was \$6,356,705 and the bank balance was \$6,503,636. The governmental component unit (Mattoon Public Library) had deposits with a carrying amount of \$31,798.53 and bank balances totaling \$75,920. The fiduciary component units had deposits with a carrying amount of \$3,679,846 and bank balances totaling \$2,410,895. The primary government and governmental component unit (Mattoon Public Library) had cash on hand of \$760 and \$284, 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, 2012, 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, 2012, the City's primary government had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Weighted Average Maturity (Years)</u>
Illinois Funds Money Market Fund	<u>\$ 5,316,629</u>	AAAm	Demand *

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

At April 30, 2012, the City's governmental component unit (Mattoon Public Library) had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Weighted Average Maturity (Years)</u>
Investment pool - Southeastern Illinois Community Foundation	<u>\$ 30,628</u>	N/A	N/A

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

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At April 30, 2012, the City's fiduciary component units had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 9,962,151	AAAm	19.20
Insurance contracts	<u>15,914,108</u>	A+/A1	N/A
Total	<u><u>\$ 25,876,259</u></u>		

**The Illinois Funds Money Market Fund**

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

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

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

**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.

**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)

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 (11.12%), the Federal National Mortgage Association (22.12%), and AIG Annuity Insurance Company annuities (34.46%), and ING Life Insurance annuities (38.89%).

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

3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

	<u>Primary government</u>	<u>Governmental- Type Component Unit (Mattoon Public Library)</u>	<u>Fiduciary-Type Component Units (Pensions)</u>
Deposits, investments, and cash on hand per notes:			
Deposits	\$ 6,356,710	\$ 31,799	\$ 3,855,251
Investments	5,316,629	31,646	25,876,259
Cash on hand	<u>719</u>	<u>284</u>	<u>--</u>
 Total deposits, investments, and cash on hand	 <u>\$ 11,674,058</u>	 <u>\$ 63,728</u>	 <u>\$ 29,731,510</u>
 Cash, certificates of deposit, and investments per statements:			
Cash and cash equivalents	\$ 11,268,066	\$ 32,082	\$ 3,679,845
Certificates of deposit	--	--	175,406
Investments	--	6,646	25,876,259
Restricted assets:			
Cash and cash equivalents	397,409	--	--
Certificates of deposit	8,583	--	--
Investments, at fair value	<u>--</u>	<u>25,000</u>	<u>--</u>
 Total cash and cash equivalents, certificates of deposit and investments	 <u>\$ 11,674,058</u>	 <u>\$ 63,728</u>	 <u>\$ 29,731,510</u>

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

4. RECEIVABLES

Receivables balances as of April 30, 2012 for the primary government were as follows:

	Governmental Activities			
	General Fund	Capital Projects Fund	Broadway East Business District Fund	Other Governmental Funds
	Property taxes	\$ 3,943,000	\$ --	\$ --
TIF property tax increment	--	--	62,348	430,478
Utility taxes	87,451	--	--	--
Telecommunications taxes	222,352	--	--	--
Income and use taxes	830,274	--	--	--
Sales taxes	1,519,722	--	--	--
Personal property replacement taxes	71,136	--	--	--
Motor fuel taxes	--	--	--	36,023
Other taxes	--	--	1,171	82,348
Grants	14,140	--	--	--
Other receivables	292,882	--	--	113,365
	<u>\$ 6,980,957</u>	<u>\$ --</u>	<u>\$ 63,519</u>	<u>\$ 662,214</u>

	Business-type Activities	
	Water Fund	Sewer Fund
	Grants	\$ 16,036
Customer receivables	126,816	183,511
Other receivables	1,805	720
	<u>\$ 144,657</u>	<u>\$ 184,231</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, 2012:

**Due to/from other funds**

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 2,200	\$ 399,982
Capital Projects Fund	<u>251,913</u>	<u>--</u>
Other Governmental Funds:		
Hotel and Motel Tax Fund	--	105
Revolving Loan Fund	5,155	2,200
I-57 East TIF District Fund	1,269	--
I-57 East Business District Fund	<u>--</u>	<u>1,269</u>
Total other governmental funds	<u>6,424</u>	<u>3,574</u>
Total governmental funds	<u>260,537</u>	<u>403,556</u>
Proprietary Funds:		
Enterprise Funds:		
Water Fund	--	3,724
Sewer Fund	--	4,343
Total enterprise funds	<u>--</u>	<u>8,067</u>
Internal Service Funds:		
Health Insurance Fund	25,622	--
Insurance and Tort Judgment Fund	<u>125,464</u>	<u>--</u>
Total internal service funds	<u>151,086</u>	<u>--</u>
Total proprietary funds	<u>151,086</u>	<u>8,067</u>
Due to/from other funds	<u>\$ 411,623</u>	<u>\$ 411,623</u>

**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

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

The amount receivable to the General Fund from the Revolving Loan Fund is the reimbursement of an expenditure of the Revolving Loan Fund paid by the General Fund. 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 Revolving Loan Fund consists of the long-term portion of an economic development loan due from the General Fund. The amount receivable to the I-57 East TIF District Fund from the I-57 East Business District Fund is to cover negative cash balances within the pooled account. 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, Hotel and Motel Tax Fund, Water Fund, and Sewer 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, 2012:

**Due between primary government and component units**

	Receivable	Payable
Primary Government:		
Governmental Fund:		
General Fund	\$ 95,831	\$ 29,625
Proprietary Funds:		
Internal Service Funds:		
Health Insurance Fund	--	1,546
Insurance and Tort Judgment Fund	--	374
Total internal service funds	--	1,920
Total primary government	95,831	31,545
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	1,920	25,406
Fiduciary Component Units:		
Firefighters Pension Fund	29,625	--
Police Pension Fund	--	70,425
Total fiduciary component units	29,625	70,425
Total component units	31,545	95,831
Due between primary government and component units	\$ 127,376	\$ 127,376

The amount receivable to the General Fund from the Library is the reimbursement of expenditures of the Library paid by the General Fund and the reimbursement of debt service payments 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. The amount receivable to the Firefighters Pension Fund is for the transfer of replacement tax from the General 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**

	Receivable	Payable
Governmental Funds:		
General Fund	\$ 84,522	\$ --
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	--	84,522
Advance between primary government and component units	\$ 84,522	\$ 84,522

The amounts receivable to the General Fund consist of the long-term portion of debt held by the General Fund on behalf of the Mattoon Public Library.

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

6. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012 was as follows:

	<u>Balance</u> <u>April 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2012</u>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,360,687	\$ --	\$ 160,940	\$ 3,199,747
Construction in progress	<u>3,536,149</u>	<u>910,010</u>	<u>--</u>	<u>4,446,159</u>
Total capital assets not being depreciated	<u>6,896,836</u>	<u>910,010</u>	<u>160,940</u>	<u>7,645,906</u>
Capital assets being depreciated:				
Buildings and improvements	6,526,504	676,582	--	7,203,086
Less: Accumulated depreciation	<u>(2,375,037)</u>	<u>(145,532)</u>	<u>--</u>	<u>(2,520,569)</u>
Buildings and improvements, net	<u>4,151,467</u>	<u>531,050</u>	<u>--</u>	<u>4,682,517</u>
Infrastructure	59,230,603	245,820	--	59,476,423
Less: Accumulated depreciation	<u>(45,876,496)</u>	<u>(805,023)</u>	<u>--</u>	<u>(46,681,519)</u>
Infrastructure, net	<u>13,354,107</u>	<u>(559,203)</u>	<u>--</u>	<u>12,794,904</u>
Improvements other than building	745,448	176,026	--	921,474
Less: Accumulated depreciation	<u>(37,273)</u>	<u>(37,272)</u>	<u>--</u>	<u>(74,545)</u>
Improvements other than building, net	<u>708,175</u>	<u>138,754</u>	<u>--</u>	<u>846,929</u>
Equipment, furniture and vehicles	5,828,253	289,710	63,691	6,054,272
Less: Accumulated depreciation	<u>(5,247,758)</u>	<u>(278,959)</u>	<u>(60,258)</u>	<u>(5,466,459)</u>
Equipment, furniture and vehicles, net	<u>580,495</u>	<u>10,751</u>	<u>3,432</u>	<u>587,813</u>
Total capital assets being depreciated, net	<u>18,794,244</u>	<u>121,352</u>	<u>3,432</u>	<u>18,912,163</u>
Governmental activities, Capital assets, net	<u>\$ 25,691,080</u>	<u>\$ 1,031,362</u>	<u>\$ 164,372</u>	<u>\$ 26,558,069</u>

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

6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended April 30, 2012 was as follows (continued):

	<u>Balance</u> <u>April 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2012</u>
Primary government (continued):				
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 587,155	\$ --	\$ --	\$ 587,155
Construction in progress	<u>736,968</u>	<u>154,522</u>	<u>384,708</u>	<u>506,783</u>
Total capital assets not being depreciated	<u>1,324,123</u>	<u>154,522</u>	<u>384,708</u>	<u>1,093,938</u>
Capital assets being depreciated:				
Buildings and building improvements	12,903,657	--	--	12,903,657
Less: Accumulated depreciation	<u>(4,415,392)</u>	<u>(280,172)</u>	<u>--</u>	<u>(4,695,564)</u>
Buildings and building improvements, net	<u>8,488,265</u>	<u>(280,172)</u>	<u>--</u>	<u>8,208,093</u>
Improvements other than building	213,861	--	--	213,861
Less: Accumulated depreciation	<u>(128,730)</u>	<u>(8,447)</u>	<u>--</u>	<u>(137,177)</u>
Improvements other than building, net	<u>85,131</u>	<u>(8,447)</u>	<u>--</u>	<u>76,684</u>
Treatment, collection and distribution systems	50,826,329	424,464	--	51,250,793
Less: Accumulated depreciation	<u>(22,137,697)</u>	<u>(1,120,348)</u>	<u>--</u>	<u>(23,258,045)</u>
Treatment, collection and distribution systems, net	<u>28,688,632</u>	<u>(695,883)</u>	<u>--</u>	<u>27,992,748</u>
Equipment, furniture and vehicles	3,188,647	321,548	116,447	3,393,748
Less: Accumulated depreciation	<u>(1,806,102)</u>	<u>(280,900)</u>	<u>(88,070)</u>	<u>(1,998,932)</u>
Equipment, furniture and vehicles, net	<u>1,382,545</u>	<u>40,648</u>	<u>28,377</u>	<u>1,394,816</u>
Total capital assets being depreciated, net	<u>38,644,573</u>	<u>(943,854)</u>	<u>28,377</u>	<u>37,672,341</u>
Business-type activities, Capital assets, net	<u>\$ 39,968,696</u>	<u>\$ (789,332)</u>	<u>\$ 413,085</u>	<u>\$ 38,766,279</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	\$ 71,092
Public safety	209,764
Public works	918,878
Culture and recreation	61,242
Health and welfare	<u>5,810</u>
Governmental activities, Depreciation expense	<u>\$ 1,266,786</u>
Business-type activities:	
Water	\$ 629,962
Sewer	<u>1,059,905</u>
Business-type activities, Depreciation expense	<u>\$ 1,689,867</u>

Analysis of changes in component unit capital assets:

	<u>April 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>April 30, 2012</u>
Component unit (Mattoon Public Library):				
Governmental activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 2,739,022	\$ 71,940	\$ --	\$ 2,810,962
Less: Accumulated depreciation	<u>(824,367)</u>	<u>(55,019)</u>	<u>--</u>	<u>(879,386)</u>
Buildings and improvements, net	<u>1,914,655</u>	<u>16,921</u>	<u>--</u>	<u>1,931,576</u>
Equipment, furniture and vehicles	69,344	--	--	69,344
Less: Accumulated depreciation	<u>(64,043)</u>	<u>(697)</u>	<u>--</u>	<u>(64,740)</u>
Equipment, furniture and vehicles, net	<u>5,301</u>	<u>(697)</u>	<u>--</u>	<u>4,604</u>
Governmental activities, Capital assets, net	<u>\$ 1,919,956</u>	<u>\$ 16,224</u>	<u>\$ --</u>	<u>\$ 1,936,180</u>

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

Mattoon Public Library	<u>\$ 55,716</u>
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**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

7. CONSTRUCTION IN PROGRESS

The City has active construction projects in progress as of April 30, 2012. 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, a storm runoff control project, and rehabilitation of water treatment equipment. At April 30, 2012 the City's construction in progress is as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Project:		
Primary government:		
Governmental activities:		
South Side Drainage	\$ 771,966	\$ 255,934
YMCA Parking Lot and Pond	908,012	4,991
Depot Restoration	2,741,657	338,032
Depot Platform	<u>24,524</u>	<u>418,477</u>
Total governmental activities	<u>\$ 4,446,159</u>	<u>\$ 1,017,434</u>
Business-type activities:		
CSO/Long Term Control Plan	\$ 129,565	\$ 9,970,621
Lake Land Sewer Lift Station	256,183	6,367
Lake Paradise Dam Renovation	88,625	86,375
Secondary Clarifier Rehab	<u>32,410</u>	<u>152,890</u>
Total business-type activities	<u>\$ 506,783</u>	<u>\$ 10,216,254</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, 2011	\$ 39,473
Less: cost of crypts sold	<u>          --</u>
Mausoleum carrying value, April 30, 2012	39,473
Land held for future expansion, estimated carrying value, April 30, 2012	<u>21,179</u>
	<u>\$ 60,652</u>

9. RESTRICTED ASSETS

The General Fund 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:

	<u>Balance</u> <u>April 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2012</u>
General Fund:				
Short-term loan from First Mid-Illinois Bank & Trust	<u>\$ 1,614,047</u>	<u>\$ --</u>	<u>\$ 1,614,047</u>	<u>\$ --</u>

The City issued a short-term loan to the Mattoon Public Library, a component unit, to provide funding for operating expenses. The Library received anticipated tax revenue and repaid the loan during the fiscal year.

	<u>Balance</u> <u>April 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2012</u>
Component Unit (Mattoon Public Library):				
Governmental Activities:				
Short-term loan from the City of Mattoon	<u>\$ --</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ --</u>

**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%	\$ 370,000
Series 2009A	1.50% - 4.35%	5,730,000
Series 2009B (Taxable)	4.00% - 5.70%	3,870,000
Governmental activities - refunding:		
Series 2003	1.00% - 3.15%	76,000
Series 2005B	2.50% - 4.05%	1,160,000
Total governmental activities bonds		\$ 11,206,000
	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities - refunding:		
Series 2005A	2.00%	\$ 2,210,000
Series 2011	2.50% - 4.00%	2,300,000
Total business-type activities bonds		\$ 4,510,000

*Advance refunding of Water Fund Series 2003A bonds*

On October 3, 2011, the City issued \$2,300,000 in general obligation refunding bonds (alternate revenue source) with interest rates of 2%. The City issued the bonds to advance refund \$2,290,000 of the outstanding series 2003A general obligation water bonds with interest rates ranging from 3.0% to 3.5%. The net proceeds were placed in an irrevocable trust to provide for all future debt service on the refunded portion of the 2003A series bonds. As a result, that portion of the 2003A series bonds is considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$2,290,000 at April 30, 2012.

The advance refunding reduced total debt service payments over the next 4 years by \$68,772. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$67,562.

**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:

<u>Years Ending April 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 776,000	\$ 469,247	\$ 875,000	\$ 133,200
2014	730,000	440,948	915,000	106,347
2015	560,000	414,025	945,000	82,700
2016	580,000	394,686	975,000	57,860
2017	610,000	373,845	390,000	31,610
2018-2022	2,920,000	1,526,032	410,000	16,400
2023-2027	3,375,000	900,815	--	--
2028-2033	1,655,000	122,872	--	--
Total	<u>\$ 11,206,000</u>	<u>\$ 4,642,471</u>	<u>\$ 4,510,000</u>	<u>\$ 428,117</u>

13. CAPITAL LEASES

Previously, the City entered into lease agreements to finance the purchase of a fire truck. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has 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 Activities</u>
Fire truck	748,078
Less: Accumulated depreciation	<u>(748,078)</u>
	<u>\$ -</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, 2012, were as follows:

Years Ending April 30,	Governmental Activities
2013	\$ 64,452
2014	64,452
2015	64,452
2016	64,452
2017	64,452
2017-2021	321,433
2022-2026	--
Total minimum lease payments	643,693
Less: amount representing interest	(150,594)
Present value of minimum lease payments	\$ 493,099

14. NOTES PAYABLE

The City has issued various notes as follows:

	Interest Rates	Amount
Governmental activities:		
First Mid-Illinois Bank & Trust note, serviced by the General Fund, proceeds used to purchase various vehicles	4.540%	\$ 56,446
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%	744,948
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%	675,973
Total governmental activities notes		\$ 1,477,367

**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%	\$ 3,711,462
First Mid-Illinois Bank & Trust note, serviced by the Water Fund, proceeds used to purchase various vehicles	4.540%	8,491
First Mid-Illinois Bank & Trust note, serviced by the Water Fund, proceeds used to fund early retirement incentives and energy efficient improvements	2.490%	600,374
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for sewer wastewater treatment plant rehabilitation	2.865%	193,017
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for expansion of the sewer wastewater treatment plant	2.675%	5,940,006
First Mid-Illinois Bank & Trust note, serviced by the Sewer Fund, proceeds used to purchase various vehicles	4.540%	5,429
First Mid-Illinois Bank & Trust note, serviced by the Water Fund, proceeds used to fund early retirement incentives and energy efficient improvements	2.490%	475,936
Total business-type activities notes		<u>\$ 10,934,714</u>

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

14. NOTES PAYABLE (CONTINUED)

Notes payable debt service requirements to maturity are as follows:

Years ending April 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 154,607	\$ 58,471	\$ 1,018,564	\$ 292,105
2014	101,461	52,581	1,032,417	263,693
2015	104,731	49,310	1,060,884	235,226
2016	108,124	45,918	1,090,137	205,973
2017	111,529	42,513	1,120,157	175,954
2018-2022	896,915	107,000	4,731,055	428,684
2023-2027	--	--	881,500	23,684
Total	<u>\$ 1,477,367</u>	<u>\$ 355,793</u>	<u>\$ 10,934,714</u>	<u>\$ 1,625,319</u>

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

15. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the primary government for the year ended April 30, 2012 was as follows:

	Restated Balance April 30, 2011	Additions	Reductions	Balance April 30, 2012	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General obligation bonds	\$ 11,960,000	\$ --	\$ 754,000	\$ 11,206,000	\$ 776,000
Add (less) deferred amounts:					
On refunding	(46,541)	--	(8,320)	(38,221)	--
For issuance premiums	88,743	--	5,396	83,347	--
	<u>12,002,202</u>	<u>--</u>	<u>751,076</u>	<u>11,251,126</u>	<u>776,000</u>
Capital leases	553,555	--	60,457	493,098	38,959
Notes payable	1,665,590	--	188,223	1,477,367	154,607
Compensated absences	848,764	--	254,428	594,336	118,867
Post-employment healthcare benefits	2,628,727	912,454	--	3,541,181	N/A
	<u>17,698,838</u>	<u>912,454</u>	<u>1,254,184</u>	<u>17,357,108</u>	<u>1,088,433</u>
<b>Governmental activities, Long-term liabilities</b>	<u>\$ 17,698,838</u>	<u>\$ 912,454</u>	<u>\$ 1,254,184</u>	<u>\$ 17,357,108</u>	<u>\$ 1,088,433</u>
<b>Business-type Activities:</b>					
General obligation bonds	\$ 5,330,000	\$ 2,300,000	\$ 3,120,000	\$ 4,510,000	\$ 875,000
Add (less) deferred amounts:					
On refunding	(196,577)	--	(26,762)	(169,815)	--
For issuance premium	40,694	(45,703)	9,854	(14,863)	--
	<u>5,174,117</u>	<u>2,254,297</u>	<u>3,103,091</u>	<u>4,325,322</u>	<u>875,000</u>
Capital leases	13,158	--	13,158	--	--
Notes payable	11,926,111	--	991,397	10,934,714	1,018,632
Compensated absences	159,256	19,020	--	178,276	35,655
Post-employment healthcare benefits	667,344	214,795	--	882,139	N/A
	<u>17,939,986</u>	<u>2,488,112</u>	<u>4,107,647</u>	<u>16,320,451</u>	<u>1,929,287</u>
<b>Business-type activities, Long-term liabilities</b>	<u>\$ 17,939,986</u>	<u>\$ 2,488,112</u>	<u>\$ 4,107,647</u>	<u>\$ 16,320,451</u>	<u>\$ 1,929,287</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, 2012 was as follows:

	Balance April 30, 2011	Additions	Reductions	Balance April 30, 2012	Due Within One Year
Component Unit (Mattoon Public Library):					
Governmental Activities:					
Compensated absences	\$ 16,815	\$ 29,433	\$ --	\$ 46,248	\$ 9,250
Component unit, Long-term liabilities	<u>\$ 16,815</u>	<u>\$ 29,433</u>	<u>\$ --</u>	<u>\$ 46,248</u>	<u>\$ 9,250</u>

16. TAXES

Tax revenues during the year ended April 30, 2012 were as follows:

	Governmental Activities		
	General Fund	Broadway East Business District Fund	Other Governmental Funds
Property taxes	\$ 3,737,627	\$ --	\$ --
TIF property tax increment	--	--	297,106
Telecommunication taxes	864,456	--	--
Utility taxes	1,216,242	--	--
Business district taxes	--	313,898	45,417
Road and bridge taxes	144,305	--	--
Hotel taxes	--	--	297,270
Cable TV franchise taxes	181,828	--	--
Gas and electric franchise taxes	159,129	--	--
Totals	<u>\$ 6,303,587</u>	<u>\$ 313,898</u>	<u>\$ 639,793</u>

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

17. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues during the year ended April 30, 2012 were as follows:

	Governmental Activities		
	General Fund	Capital Projects Fund	Other Governmental Funds
Income and use taxes	\$ 1,829,948	\$ --	\$ --
Sales taxes	5,993,594	--	--
Personal property replacement taxes	479,529	--	--
Pull tabs and jar games tax	4,310	--	--
Motor fuel taxes	--	--	536,480
Foreign fire insurance taxes	34,752	--	--
Operating grants and contributions	152,012	--	300,686
Capital grants and contributions	51,662	494,732	--
Totals	\$ 8,545,807	\$ 494,732	\$ 837,166

18. ON-BEHALF PAYMENTS

The City received on-behalf payments for engineering costs totaling \$14,492 for the 31st Street Construction Project. The on-behalf payments are reflected as revenues and expenditures of the Capital Projects Fund.

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

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

	For Tax Levy Year		
	2011	2010	2009
Assessed valuation	\$ 190,483,603	\$ 189,479,868	\$ 186,786,780
Rate per \$100, excluding road and bridge rate	<u>2.0023</u>	<u>1.9687</u>	<u>1.9289</u>
Taxes extended, excluding road and bridge taxes	3,814,129	3,730,215	3,602,950
Add: City's share of road and bridge taxes extended	<u>141,702</u>	<u>144,502</u>	<u>141,702</u>
Total taxes extended	<u>\$ 3,955,831</u>	<u>\$ 3,874,717</u>	<u>\$ 3,744,652</u>
Taxes available to City after abatements and losses in collection (2011 estimated)	<u>\$ 3,955,831</u>	<u>\$ 3,863,119</u>	<u>\$ 3,723,003</u>
Percentage of extension available to City (2011 estimated)	<u>100.00%</u>	<u>99.70%</u>	<u>99.42%</u>

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

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

	For Tax Levy Year		
	2011	2010	2009
Distribution of taxes available (2011 estimated):			
General Fund:			
General government	\$ 561,489	\$ 559,553	\$ 463,263
Fire protection	285,725	283,366	218,700
Police protection	285,725	283,366	218,700
Street, including road & bridge	141,702	144,114	141,049
Park	142,863	141,683	139,159
Mattoon Public Library	438,112	434,494	427,135
Firefighters Pension Fund	1,152,388	1,106,335	1,157,695
Police Pension Fund	947,827	910,208	957,302
	\$ 3,955,831	\$ 3,863,119	\$ 3,723,003

The City Council has abated the 2009, 2010 and 2011 tax levies applicable to all outstanding general obligation bonds.

20. SCHEDULE OF OPERATING TRANSFERS WITHIN THE REPORTING ENTITY

Operating transfers between funds during the year ended April 30, 2012 were as follows:

Transfers In	Transfers Out	Amount
General Fund	Water Fund	\$ 48,391
General Fund	Sewer Fund	91,113
General Fund	Hotel and Motel Tax Fund	37,500
Capital Projects Fund	General Fund	893,028
Other Special Revenue Fund:		
Motor Fuel Tax Fund	General Fund	5,920
		\$ 1,075,952

**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

20. 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 audit findings for 2010.

21. DEFINED BENEFIT PENSION PLAN

*Plan Description* - The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](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 City's annual required contribution rate for calendar year 2011 was 13.27 percent. The City's annual required contribution rate for calendar year 2010 was 15.12 percent. (The City's contribution rate of 13.27% consists of the required rate of 15.12%, adjusted for the results of the prior year ERI.) The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost* - For calendar year ending December 31, 2011, the employer's actual contributions for pension cost for the Regular plan were \$475,938. The required contribution for calendar year 2011 was \$542,290.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 542,290	88%	\$ --
12/31/10	488,986	100%	--
12/31/09	375,515	100%	--

## CITY OF MATTOON, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

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

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, 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, 2009 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, 2011, the most recent actuarial valuation date, the Regular plan was 63.05 percent funded. The actuarial accrued liability for benefits was \$10,889,009 and the actuarial value of assets was \$6,865,857, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,203,152. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$3,586,575 and the ratio of the UAAL to the covered payroll was 112 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**

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.

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.

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

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

Membership

Membership of the plans consisted of the following at April 30, 2012:

	<u>Police Pension</u>	<u>Firefighters Pension</u>
Retirees and beneficiaries receiving benefits	44	53
Current employees:		
Vested	6	7
Nonvested	<u>31</u>	<u>25</u>
 Total	 <u><u>81</u></u>	 <u><u>85</u></u>

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.

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

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

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, 2011 has been estimated at 50.41% and 64.04% of annual covered payroll for the Police and Firefighters Pension plans, respectively. By the year 2033, the City's contributions must accumulate to the point where the past service costs for the Pension plans are fully funded.

Funding Status and Progress

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

**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

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

Significant actuarial assumptions used in determining the pension benefit obligation as of April 30, 2011 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	6.75%	6.75%
d. Mortality Rate Assumption	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table
e. Decrement Assumption Other than Mortality	State of Illinois DOI Experience Tables	State of Illinois DOI Experience Tables
f. Salary Progression Assumption	4.5%	3.5%
g. Status of Social Security in Assumption	None	None

The pension benefit obligation as of April 30, 2011 was as follows:

	<u>Police Pension</u> April 30, 2011	<u>Firefighters Pension</u> April 30, 2011
Pension Benefit Obligation		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 22,866,432	\$ 24,370,239
Active participants	<u>13,876,410</u>	<u>13,533,309</u>
Total pension benefit obligation	36,742,842	37,903,548
Actuarial Present Value of Future Normal Costs	(5,166,585)	(5,272,697)
Net assets available for benefits	<u>(13,818,067)</u>	<u>(14,024,639)</u>
Pension benefit obligation in excess of assets	<u>\$ 17,758,190</u>	<u>\$ 18,606,212</u>

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

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

Actuarially Determined Contribution Requirements and Contribution Made

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

	<u>Police Pension</u>	<u>Firefighters Pension</u>
Actuarial Valuation Date	April 30, 2011	April 30, 2011
Amount necessary to provide the employer normal costs	\$ 591,287	\$ 522,347
Amount necessary to amortize the unfunded actuarial accrued liability	903,525	774,402
	<u>\$ 1,494,812</u>	<u>\$ 1,296,749</u>
As a percentage of current covered payroll (at April 30, 2011):		
Employer normal costs	29.123%	28.076%
Amortization of unfunded actuarial accrued liability	44.503%	41.625%
	<u>73.626%</u>	<u>69.701%</u>
Contributions made as a dollar amount as of valuation date (April 30, 2011):		
Employer	\$ 1,142,947	\$ 1,375,069
Plan members	201,004	176,119
	<u>\$ 1,343,951</u>	<u>\$ 1,551,188</u>
As a percentage of current covered payroll (at April 30, 2011):		
Employer	56.295%	73.911%
Plan members	9.900%	9.466%
	<u>66.196%</u>	<u>83.377%</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 Ended April 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
2011	\$ 1,069,435	\$ 1,142,947	106.87%
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%

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 Ended April 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
2011	\$ 1,156,102	\$ 1,375,069	118.94%
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%

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 2012, the City contributed \$1,025,538 for retiree healthcare benefits. The City required retirees with monthly pensions less than \$1,625 per month to contribute \$52 per month for those with no dependents or \$124 per month for those with dependents, 15% of the total cost of their healthcare. Retirees with a monthly pension greater than \$1,625 per month were required to contribute \$113 per month for those with no dependents or \$269 per month for those with dependents, 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, 2013, the total cost of healthcare is projected to be \$427 for single coverage and \$928 for family coverage. Retirees with monthly pensions less than \$1,625 per month will be required to contribute \$64 per month for those with no dependents and \$139 for those with dependents, 15% of the total cost. Retirees with monthly pensions greater than \$1,625 per month will be required to contribute \$139 per month for those with no dependents and \$301 for those with dependents, 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	\$2,192,187
Interest on net OPEB obligation	164,804
Adjustment to annual required contribution	<u>(204,204)</u>
Annual OPEB cost (expense)	2,152,787
Contributions made	<u>(1,025,538)</u>
Increase in net OPEB obligation	1,127,249
Net OPEB obligation - beginning of year	<u>3,296,071</u>
Net OPEB obligation - end of year	<u><u>\$4,423,320</u></u>

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 Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2012	\$ 2,152,787	47.60%	\$ 4,423,320
4/30/2011	1,707,794	48.50%	3,296,071
4/30/2010	1,831,445	42.70%	2,415,781

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

23. POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Funded Status and Funding Progress

As of April 30, 2012, the actuarial accrued liability for benefits was \$29,342,006. The covered payroll was approximately \$7,143,490, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 411%. 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, 2012, 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, 2012, the contribution for active employees was \$52 per month for those with no dependents or \$124 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, 2013, the total cost of the health plan per employee is projected to be \$427 per month for employees with no dependents or \$928 per month for employees with dependents. Based on these estimated costs, the contribution for active employees will be \$64 per month for those with no dependents or \$139 per month for those with dependents, or 15% of total costs, for the fiscal year ending April 30, 2013.

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 276 employees, former employees, and retirees participating in the group health plan. Of this number, 139 were active employees, and 137 were retirees. Seventy-five of the participants had single coverage, and 201 had family coverage.

The health plan is funded on a pay-as-you go basis. The City incurred health plan claims expenditures of \$2,612,292 in the fiscal year that ended April 30, 2012, which includes \$167,048 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 \$2.5 million each employee \$2.5 million policy limit	12/15/2012
Property & Casualty	Argonaut <sup>2</sup>	Replacement Cost \$66,467,165 Blanket Building and Contents Limit \$500,000 Extra Expense and Business Income Property - \$5,000 deductible Extra Expense and Business Income - \$5,000 deductible	12/1/2012
General Liability <sup>3</sup>	Argonaut	\$1 million each occurrence \$3 million aggregate	12/1/2012

**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 \$360,000 Blower Building Contents \$132,500 Pump Station Building \$221,400 Pump Station Contents \$25,000 deductible	12/9/2012
Volunteers	National <sup>5</sup>	\$2 million each occurrence	12/1/2012
Employed Lawyer's Liability	Philadelphia <sup>6</sup>	\$1 million aggregate	12/1/2012
Fiduciary Liability	Federal <sup>7</sup>	\$1 million aggregate	12/1/2012
Public Officials Liability	Argonaut	\$1 million each occurrence \$3 million aggregate \$5,000 deductible	12/1/2012
Employment Practices Liability	Argonaut	\$1 million each occurrence \$3 million aggregate \$50,000 limit for back wages \$5,000 deductible for each wrongful act \$10,000 deductible for back wages	12/1/2012
Automobile Physical Damage	Argonaut	Actual cash value \$500 deductible	12/1/2012
Automobile Liability	Argonaut	\$1 million	12/1/2012
Law Enforcement Liability	Argonaut	\$1 million each occurrence \$3 million aggregate \$5,000 deductible	12/1/2012
Crime	Federal	Limit - \$500,000	12/1/2012
Inland Marine	Argonaut	\$4,348,342 \$1,000 deductible	12/1/2012
Umbrella Liability <sup>8</sup>	Argonaut	\$10 million each occurrence \$10 million aggregate	12/1/2012

**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, Commercial Automobile Liability, Public Officials Liability, Law Enforcement, and Employment Practices Liability.

26. CONTINGENCIES

At April 30, 2012, 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.

27. DEFICIT FUND BALANCES

The following individual funds carried the following deficit balances as of April 30, 2012:

Governmental Component Unit: Mattoon Public Library	\$ (35,096)
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The City intends to reduce this deficit by reducing expenditures in future periods.

**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

**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. During the fiscal year ended April 30, 2012, Coles Together paid off the debt, relieving the City of the note payable.

**29. RECLASSIFICATIONS**

Effective May 1, 2011, the City of Mattoon determined that the Festival Management Fund, part of Other Governmental Funds, should be reclassified to the General Fund. This reclassification was due to the implementation of GASB Statement No. 54. As a result, the Festival Management Fund’s portion of remaining equity was adjusted as noted:

	General Fund	Festival Management
Fund balance at April 30, 2011, restated for reclassification	\$ 2,439,535	\$ 139,595
Adjustment for reclassification of remaining equity	139,595	(139,595)
Fund balance at April 30, 2011, restated for reclassification and prior period adjustment	\$ 2,579,130	\$ --

**CITY OF MATTOON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS**

30. PRIOR PERIOD ADJUSTMENT

A long-term obligation held by the primary government of the City was incorrectly reported as an obligation of the Mattoon Public Library, a component unit. Accordingly, an adjustment of \$107,274 is required to restate that amount as an obligation of the primary government. Net assets on the Statement of Activites were restated as follows:

	Primary Government	Component Unit
Net assets at April 30, 2011	\$ 21,770,191	\$ 1,846,383
Prior period adjustment	(5,175)	5,175
Net assets restated at April 30, 2011	\$ 21,765,016	\$ 1,851,558

The adjustment was also reported on the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds and on the Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Component Unit (Mattoon Public Library) as follows:

	General Fund	Library
Fund balance at April 30, 2011, restated for reclassification	\$ 2,579,130	\$ 56,997
Prior period adjustment	107,274	(107,274)
Fund balance at April 30, 2011, restated for reclassification and prior period adjustment	\$ 2,686,404	\$ (50,277)

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MATTOON, ILLINOIS**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/11	\$ 6,865,857	\$ 10,889,009	\$ 4,023,152	63.05%	\$ 3,586,575	112.17%
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%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$6,107,263. On a market basis, the funded ratio would be 56.09 percent.

See accompanying notes to required supplementary information

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/11	\$ 13,818,067	\$ 31,576,257	\$ 17,758,190	43.76%	\$ 2,030,275	874.67%
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%

See accompanying notes to required supplementary information

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/11	\$ 14,024,639	\$ 32,630,851	\$ 18,606,212	42.98%	\$ 1,860,445	1000.09%
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%

See accompanying notes to required supplementary information

**CITY OF MATTOON, ILLINOIS**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2012	\$ --	\$ 29,342,006	\$ 29,342,006	0.00%	\$ 7,143,490	410.75%
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%

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, 2012**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 6,458,571	\$ 6,458,571	\$ 6,303,587	\$ (154,984)
Licenses and permits	197,125	197,125	202,777	5,652
Intergovernmental revenues	8,279,313	8,279,313	8,545,807	266,494
Charges for services	990,658	990,658	916,891	(73,767)
Fines and forfeitures	118,000	118,000	135,988	17,988
Investment income	10,000	10,000	4,844	(5,156)
Contributions & miscellaneous revenues	329,251	336,704	315,356	(21,348)
<b>Total revenues</b>	<b>16,382,918</b>	<b>16,390,371</b>	<b>16,425,250</b>	<b>34,879</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,802,401	1,802,401	2,051,197	(248,796)
Public safety	9,428,065	9,447,245	9,193,972	253,273
Public works	1,870,063	1,870,063	1,654,316	215,747
Health and welfare	209,228	209,228	169,987	39,241
Culture and recreation	1,381,547	1,381,547	1,493,710	(112,163)
Economic development	130,000	130,000	159,481	(29,481)
Capital outlay	--	--	231,830	(231,830)
<b>Debt service:</b>				
Principal	767,084	707,571	621,460	86,111
Interest and fiscal charges	--	--	134,675	(134,675)
<b>Total expenditures</b>	<b>\$ 15,588,388</b>	<b>\$ 15,548,055</b>	<b>\$ 15,710,628</b>	<b>\$ (162,573)</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, 2012**

	<u>Budget</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	\$ 794,530	\$ 842,316	\$ 714,622	\$ (127,694)
Other financing sources (uses):				
Transfers in	130,000	130,000	177,004	47,004
Transfers out	(735,000)	(735,000)	(898,948)	(163,948)
Proceeds from sale of assets	--	--	188,378	188,378
Total other financing sources (uses)	<u>(605,000)</u>	<u>(605,000)</u>	<u>(533,566)</u>	<u>71,434</u>
Net change in fund balances	<u>\$ 189,530</u>	<u>\$ 237,316</u>	181,056	<u>\$ (56,260)</u>
Fund balance, beginning of year, restated			2,579,130	
Prior period adjustment			<u>107,274</u>	
Fund balance, end of year			<u>\$ 2,867,460</u>	

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, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 336,500	\$ 336,500	\$ 313,898	\$ (22,602)
Investment income	--	--	634	634
Total revenues	<u>336,500</u>	<u>336,500</u>	<u>314,532</u>	<u>(21,968)</u>
Expenditures:				
Current:				
Economic development	--	--	216,318	(216,318)
Debt service:				
Principal	328,313	328,313	130,000	198,313
Interest and fiscal charges	--	--	198,741	(198,741)
Total expenditures	<u>328,313</u>	<u>328,313</u>	<u>545,059</u>	<u>(216,746)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,187</u>	<u>\$ 8,187</u>	(230,527)	<u>\$ (238,714)</u>
Fund balance, beginning of year			<u>938,159</u>	
Fund balance, end of year			<u>\$ 707,632</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, 2012, expenditures exceeded the budget for the Broadway East Business District Fund by \$230,527. These overexpenditures were funded by available fund balance in each fund.

2. ADJUSTMENT FOR DIFFERENCES IN PERSPECTIVE

Generally accepted accounting principles require the presentation of a budgetary comparison schedule for the General Fund. However, the City's General Fund is comprised of two funds, the General Fund and Festival Management Fund, each with its own legally adopted budget. The following reconciling schedule shows the budget and actual amounts for each account and the totals as shows on the General Fund's Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis).

**CITY OF MATTOON, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**2. ADJUSTMENT FOR DIFFERENCES IN PERSPECTIVE (Continued)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
For the year ended April 30, 2012**

	General Fund				Festival Management Fund				Totals			
	Budget		Actual	Variance with Final Budget - Positive (Negative)	Budget		Actual	Variance with Final Budget - Positive (Negative)	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final			Original	Final		
<b>Revenues:</b>												
Taxes	\$ 6,458,571	\$ 6,458,571	\$ 6,303,587	\$ (154,984)	\$ --	\$ --	\$ --	\$ --	\$ 6,458,571	\$ 6,458,571	\$ 6,303,587	\$ (154,984)
Licenses and permits	197,125	197,125	202,777	5,652	--	--	--	--	197,125	197,125	202,777	5,652
Intergovernmental revenues	8,279,313	8,279,313	8,545,807	266,494	--	--	--	--	8,279,313	8,279,313	8,545,807	266,494
Charges for services	990,658	990,658	916,891	(73,767)	--	--	--	--	990,658	990,658	916,891	(73,767)
Fines and forfeitures	118,000	118,000	135,988	17,988	--	--	--	--	118,000	118,000	135,988	17,988
Investment income	10,000	10,000	4,844	(5,156)	--	--	--	--	10,000	10,000	4,844	(5,156)
Contributions & miscellaneous revenues	208,251	215,704	193,274	(22,430)	121,000	121,000	122,082	1,082	329,251	336,704	315,356	(21,348)
<b>Total revenues</b>	<b>16,261,918</b>	<b>16,269,371</b>	<b>16,303,168</b>	<b>33,797</b>	<b>121,000</b>	<b>121,000</b>	<b>122,082</b>	<b>1,082</b>	<b>16,382,918</b>	<b>16,390,371</b>	<b>16,425,250</b>	<b>34,879</b>
<b>Expenditures:</b>												
<b>Current:</b>												
General government	1,802,401	1,802,401	2,051,197	(248,796)	--	--	--	--	1,802,401	1,802,401	2,051,197	(248,796)
Public safety	9,428,065	9,447,245	9,193,972	253,273	--	--	--	--	9,428,065	9,447,245	9,193,972	253,273
Public works	1,870,063	1,870,063	1,654,316	215,747	--	--	--	--	1,870,063	1,870,063	1,654,316	215,747
Health and welfare	209,228	209,228	169,987	39,241	--	--	--	--	209,228	209,228	169,987	39,241
Culture and recreation	1,256,472	1,256,472	1,288,166	(31,694)	125,075	125,075	205,544	(80,469)	1,381,547	1,381,547	1,493,710	(112,163)
Economic development	130,000	130,000	159,481	(29,481)	--	--	--	--	130,000	130,000	159,481	(29,481)
Capital outlay	--	--	231,830	(231,830)	--	--	--	--	--	--	231,830	(231,830)
<b>Debt service:</b>												
Principal	767,084	707,571	621,460	86,111	--	--	--	--	767,084	707,571	621,460	86,111
Interest and fiscal charges	--	--	134,675	(134,675)	--	--	--	--	--	--	134,675	(134,675)
<b>Total expenditures</b>	<b>\$ 15,463,313</b>	<b>\$ 15,422,980</b>	<b>\$ 15,505,084</b>	<b>\$ (82,104)</b>	<b>\$ 125,075</b>	<b>\$ 125,075</b>	<b>\$ 205,544</b>	<b>\$ (80,469)</b>	<b>\$ 15,588,388</b>	<b>\$ 15,548,055</b>	<b>\$ 15,710,628</b>	<b>\$ (162,573)</b>

**CITY OF MATTOON, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**2. ADJUSTMENT FOR DIFFERENCES IN PERSPECTIVE (CONTINUED)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
For the year ended April 30, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	\$ 798,605	\$ 846,391	\$ 798,084	\$ (48,307)	\$ (4,075)	\$ (4,075)	\$ (83,462)	\$ (79,387)	\$ 794,530	\$ 842,316	\$ 714,622	\$ (127,694)
Other financing sources (uses):												
Transfers in	92,500	92,500	139,504	47,004	37,500	37,500	37,500	--	130,000	130,000	177,004	47,004
Transfers out	(735,000)	(735,000)	(898,948)	(163,948)	--	--	--	--	(735,000)	(735,000)	(898,948)	(163,948)
Proceeds from sale of assets	--	--	188,378	188,378	--	--	--	--	--	--	188,378	188,378
Total other financing sources (uses)	(642,500)	(642,500)	(571,066)	71,434	37,500	37,500	37,500	--	(605,000)	(605,000)	(533,566)	71,434
Net change in fund balances	\$ 156,105	\$ 203,891	227,018	\$ 23,127	\$ 33,425	\$ 33,425	(45,962)	\$ (79,387)	\$ 189,530	\$ 237,316	181,056	\$ (56,260)
Fund balance, beginning of year,			2,439,535				139,595				2,579,130	
Prior period adjustment			107,274				--				107,274	
Fund balance, end of year			\$ 2,773,827				\$ 93,633				\$ 2,867,460	

**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, 2012**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 865,000	\$ 865,000	\$ 494,732	\$ (370,268)
Investment income	5,000	5,000	3,301	(1,699)
Contributions & miscellaneous revenues	7,500	7,500	265,067	257,567
Total revenues	<u>877,500</u>	<u>877,500</u>	<u>763,100</u>	<u>(114,400)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	--	--	3,552	(3,552)
Public Safety	355,000	355,000	7,505	347,495
Public works	4,195,000	4,195,000	70,993	4,124,007
Culture and recreation	25,000	25,000	5,202	19,798
Economic development	220,000	220,000	--	220,000
Capital outlay	--	--	2,036,216	(2,036,216)
<b>Debt service:</b>				
Principal	446,320	446,320	230,000	216,320
Interest and fiscal charges	--	--	216,748	(216,748)
Total expenditures	<u>5,241,320</u>	<u>5,241,320</u>	<u>2,570,216</u>	<u>2,671,104</u>
Deficiency of revenues under expenditures	(4,363,820)	(4,363,820)	(1,807,116)	2,556,704
<b>Other financing sources:</b>				
Transfers in	750,000	750,000	893,028	143,028
Transfers out	(65,000)	(65,000)	--	65,000
Total other financing sources (uses)	<u>685,000</u>	<u>685,000</u>	<u>893,028</u>	<u>208,028</u>
Net change in fund balances	<u>\$ (3,678,820)</u>	<u>\$ (3,678,820)</u>	(914,088)	<u>\$ 2,764,732</u>
Fund balance, beginning of year			<u>5,638,579</u>	
Fund balance, end of year			<u>\$ 4,724,491</u>	

**CITY OF MATTOON, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**April 30, 2012**

	<u>Motor Fuel Tax Fund</u>	<u>Hotel and Motel Tax Fund</u>	<u>Home Rehabilitation Grant Fund</u>	<u>Revolving Loan Fund</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,276,979	\$ 69,283	\$ 37	\$ 463,038
Receivables	38,541	65,313	--	110,846
Due from other funds	--	--	--	5,155
Long-term receivables	--	--	--	414,552
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,315,520</u>	<u>\$ 134,596</u>	<u>\$ 37</u>	<u>\$ 993,591</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable	\$ 26,497	\$ 4,363	\$ --	\$ --
Payroll liabilities payable	--	2,857	--	--
Due to other funds	--	105	--	2,200
Deferred revenue	--	28,219	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>26,497</u>	<u>35,544</u>	<u>--</u>	<u>2,200</u>
Fund balances:				
Nonspendable	--	--	--	414,552
Restricted	1,289,023	99,052	37	576,839
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>1,289,023</u>	<u>99,052</u>	<u>37</u>	<u>991,391</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 1,315,520</u>	<u>\$ 134,596</u>	<u>\$ 37</u>	<u>\$ 993,591</u>

**CITY OF MATTOON, ILLINOIS**

**COMBINING BALANCE SHEET (CONTINUED)**

**NONMAJOR SPECIAL REVENUE FUNDS**

**April 30, 2012**

	<b>Midtown TIF District Fund</b>	<b>I-57 East TIF District Fund</b>	<b>South Rt 45 Business District Fund</b>	<b>I-57 East Business District Fund</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 219,106	\$ 22,737	\$ 20,671	\$ 1,583
Receivables	283,425	58,337	16,324	712
Due from other funds	--	1,269	--	--
Long-term receivables	--	--	--	--
<b>Total assets</b>	<b><u>\$ 502,531</u></b>	<b><u>\$ 82,343</u></b>	<b><u>\$ 36,995</u></b>	<b><u>\$ 2,295</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 9,353	\$ --	\$ --	\$ --
Payroll liabilities payable	--	--	--	--
Due to other funds	--	--	--	1,269
Deferred revenue	283,425	58,337	8,771	216
<b>Total liabilities</b>	<b><u>292,778</u></b>	<b><u>58,337</u></b>	<b><u>8,771</u></b>	<b><u>1,485</u></b>
<b>Fund balances:</b>				
Nonspendable	--	--	--	--
Restricted	209,753	24,006	28,224	810
<b>Total fund balances</b>	<b><u>209,753</u></b>	<b><u>24,006</u></b>	<b><u>28,224</u></b>	<b><u>810</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 502,531</u></b>	<b><u>\$ 82,343</u></b>	<b><u>\$ 36,995</u></b>	<b><u>\$ 2,295</u></b>

**CITY OF MATTOON, ILLINOIS**

**COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
April 30, 2012**

	<b>Broadway East TIF District Fund</b>	<b>South Rt 45 TIF District Fund</b>	<b>Totals</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 34,327	\$ 654	\$ 2,108,415
Receivables	32,779	55,937	662,214
Due from other funds	--	--	6,424
Long-term receivables	--	--	414,552
	<hr/>	<hr/>	<hr/>
Total assets	<b>\$ 67,106</b>	<b>\$ 56,591</b>	<b>\$ 3,191,605</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ --	\$ --	\$ 40,213
Payroll liabilities payable	--	--	2,857
Due to other funds	--	--	3,574
Deferred revenue	32,779	55,937	467,684
	<hr/>	<hr/>	<hr/>
Total liabilities	<b>32,779</b>	<b>55,937</b>	<b>514,328</b>
	<hr/>	<hr/>	<hr/>
<b>Fund balances:</b>			
Nonspendable	--	--	414,552
Restricted	34,327	654	2,262,725
	<hr/>	<hr/>	<hr/>
Total fund balances	<b>34,327</b>	<b>654</b>	<b>2,677,277</b>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<b>\$ 67,106</b>	<b>\$ 56,591</b>	<b>\$ 3,191,605</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF MATTOON, ILLINOIS**

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

**NONMAJOR SPECIAL REVENUE FUNDS**

**For the year ended April 30, 2012**

	<u>Motor Fuel Tax Fund</u>	<u>Hotel and Motel Tax Fund</u>	<u>Home Rehabilitation Grant Fund</u>	<u>Revolving Loan Fund</u>
Revenues:				
Taxes	\$ --	\$ 297,270	\$ --	\$ --
Intergovernmental revenues	549,244	--	287,922	--
Investment income	970	--	--	15,482
Contributions and miscellaneous revenues	1,334	11,300	--	--
Total revenues	<u>551,548</u>	<u>308,570</u>	<u>287,922</u>	<u>15,482</u>
Expenditures:				
Current:				
Public works	631,424	--	--	--
Culture and recreation	--	281,586	--	--
Economic development	--	--	287,922	105,615
Debt service:				
Principal	--	--	--	--
Interest and fiscal charges	--	--	--	--
Total expenditures	<u>631,424</u>	<u>281,586</u>	<u>287,922</u>	<u>105,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(79,876)</u>	<u>26,984</u>	<u>--</u>	<u>(90,133)</u>
Other financing sources (uses):				
Transfers in	5,920	--	--	--
Transfers out	--	(37,500)	--	--
Total other financing sources (uses)	<u>5,920</u>	<u>(37,500)</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(73,956)	(10,516)	--	(90,133)
Fund balances (deficits), beginning of year	<u>1,362,979</u>	<u>109,568</u>	<u>37</u>	<u>1,081,524</u>
Fund balances, end of year	<u>\$ 1,289,023</u>	<u>\$ 99,052</u>	<u>\$ 37</u>	<u>\$ 991,391</u>

**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, 2012**

	<b>Midtown TIF District Fund</b>	<b>I-57 East TIF District Fund</b>	<b>South Rt 45 Business District Fund</b>	<b>I-57 East Business District Fund</b>
Revenues:				
Taxes	\$ 246,850	\$ 23,966	\$ 43,338	\$ 2,079
Intergovernmental revenues	--	--	--	--
Investment income	317	--	94	--
Contributions and miscellaneous revenues	--	--	--	--
Total revenues	<u>247,167</u>	<u>23,966</u>	<u>43,432</u>	<u>2,079</u>
Expenditures:				
Current:				
Public works	--	--	--	--
Culture and recreation	--	--	--	--
Economic development	268,826	5,214	--	--
Debt service:				
Principal	--	--	--	--
Interest and fiscal charges	--	--	--	--
Total expenditures	<u>268,826</u>	<u>5,214</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,659)</u>	<u>18,752</u>	<u>43,432</u>	<u>2,079</u>
Other financing sources (uses):				
Transfers in	--	--	--	--
Transfers out	--	--	(135,644)	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>(135,644)</u>	<u>--</u>
Net change in fund balances	(21,659)	18,752	(92,212)	2,079
Fund balances (deficits), beginning of year	<u>231,412</u>	<u>5,254</u>	<u>120,436</u>	<u>(1,269)</u>
Fund balances (deficits), end of year	<u>\$ 209,753</u>	<u>\$ 24,006</u>	<u>\$ 28,224</u>	<u>\$ 810</u>

**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, 2012**

	<b>Broadway East TIF District Fund</b>	<b>South Rt 45 TIF District Fund</b>	<b>Eliminations</b>	<b>Totals</b>
<b>Revenues:</b>				
Taxes	\$ 24,720	\$ 1,570	\$ --	\$ 639,793
Intergovernmental revenues	--	--	--	837,166
Investment income	--	--	--	16,863
Contributions and miscellaneous revenues	--	--	--	12,634
<b>Total revenues</b>	<b>24,720</b>	<b>1,570</b>	<b>--</b>	<b>1,506,456</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public works	--	--	--	631,424
Culture and recreation	--	--	--	281,586
Economic development	9,154	6,368	--	683,099
<b>Debt service:</b>				
Principal	--	21,220	--	21,220
Interest and fiscal charges	--	39,396	--	39,396
<b>Total expenditures</b>	<b>9,154</b>	<b>66,984</b>	<b>--</b>	<b>1,656,725</b>
Excess (deficiency) of revenues over (under) expenditures	15,566	(65,414)	--	(150,269)
<b>Other financing sources (uses):</b>				
Transfers in	--	135,644	(135,644)	5,920
Transfers out	--	--	135,644	(37,500)
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>135,644</b>	<b>--</b>	<b>(31,580)</b>
Net change in fund balances	15,566	70,230	--	(181,849)
Fund balances (deficits), beginning of year	18,761	(69,576)	--	2,859,126
Fund balances (deficits), end of year	\$ 34,327	\$ 654	\$ --	\$ 2,677,277

**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, 2012**

	<u>Budget</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 1,070,000	\$ 1,070,000	\$ 549,244	\$ (520,756)
Investment income	1,750	1,750	970	(780)
Contributions and miscellaneous revenues	--	--	1,334	1,334
Total revenues	1,071,750	1,071,750	551,548	(520,202)
Expenditures:				
Current:				
Public works	1,383,078	1,383,078	631,424	751,654
Deficiency of revenues under expenditures	(311,328)	(311,328)	(79,876)	231,452
Other financing sources:				
Transfers in	--	--	5,920	5,920
Net change in fund balances	<u>\$ (311,328)</u>	<u>\$ (311,328)</u>	(73,956)	<u>\$ 237,372</u>
Fund balance, beginning of year			<u>1,362,979</u>	
Fund balance, end of year			<u>\$ 1,289,023</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, 2012**

	<u>Budget</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 275,000	\$ 275,000	\$ 297,270	\$ 22,270
Contributions and miscellaneous revenues	--	--	11,300	11,300
Total revenues	275,000	275,000	308,570	33,570
Expenditures:				
Current:				
Culture and recreation	263,254	263,254	281,586	(18,332)
Excess of revenues over expenditures	11,746	11,746	26,984	15,238
Other financing uses:				
Transfers out	(37,500)	(37,500)	(37,500)	--
Net change in fund balances	<u>\$ (25,754)</u>	<u>\$ (25,754)</u>	(10,516)	<u>\$ 15,238</u>
Fund balance, beginning of year			<u>109,568</u>	
Fund balance, end of year			<u>\$ 99,052</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, 2012**

	<u>Budget</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenues	\$ 170,000	\$ 170,000	\$ 287,922	\$ 117,922
Expenditures:				
Current:				
Economic development	<u>170,000</u>	<u>170,000</u>	<u>287,922</u>	<u>(117,922)</u>
Excess of revenues over 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, 2012**

	<u>Budget</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment income	\$ 1,500	\$ 1,500	\$ 15,482	\$ 13,982
Contributions and miscellaneous revenues	123,000	123,000	--	(123,000)
Total revenues	<u>124,500</u>	<u>124,500</u>	<u>15,482</u>	<u>(109,018)</u>
Expenditures:				
Current:				
Economic development	131,500	131,500	105,615	25,885
Total expenditures	<u>131,500</u>	<u>131,500</u>	<u>105,615</u>	<u>25,885</u>
Excess (deficiency) of revenues over (under) expenditures	(7,000)	(7,000)	(90,133)	(83,133)
Other financing sources:				
Transfers in	7,000	7,000	--	(7,000)
Net change in fund balances	<u>\$ --</u>	<u>\$ --</u>	(90,133)	<u>\$ (90,133)</u>
Fund balance, beginning of year			<u>1,081,524</u>	
Fund balance, end of year			<u>\$ 991,391</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, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 230,000	\$ 230,000	\$ 246,850	\$ 16,850
Investment income	500	500	317	(183)
Total revenues	230,500	230,500	247,167	16,667
Expenditures:				
Current:				
Economic development	197,600	197,600	268,826	(71,226)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 32,900</u>	<u>\$ 32,900</u>	(21,659)	<u>\$ (54,559)</u>
Fund balance, beginning of year			<u>231,412</u>	
Fund balance, end of year			<u>\$ 209,753</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, 2012**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Taxes	\$ 26,000	\$ 26,000	\$ 23,966	\$ (2,034)
Expenditures:				
Current:				
Economic development	6,200	6,200	5,214	986
Excess of revenues over expenditures	\$ 19,800	\$ 19,800	18,752	\$ (1,048)
Fund balance, beginning of year			5,254	
Fund balance, end of year			\$ 24,006	

**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, 2012**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 43,500	\$ 43,500	\$ 43,338	\$ (162)
Investment income	--	--	94	94
Total revenues	43,500	43,500	43,432	(68)
Expenditures:				
Current:				
Economic development	--	--	--	--
Excess of revenues over expenditures	43,500	43,500	43,432	(68)
Other financing sources:				
Transfers out	--	--	(135,644)	135,644
Net change in fund balances	\$ 43,500	\$ 43,500	(92,212)	\$ (135,712)
Fund balance, beginning of year			120,436	
Fund balance, end of year			\$ 28,224	

**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, 2012**

	<u>Budget</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 24,000	\$ 24,000	\$ 24,720	\$ 720
Expenditures:				
Current:				
Economic development	<u>9,800</u>	<u>9,800</u>	<u>9,154</u>	<u>646</u>
Excess of revenues over expenditures	<u>\$ 14,200</u>	<u>\$ 14,200</u>	15,566	<u>\$ 1,366</u>
Fund balance, beginning of year			<u>18,761</u>	
Fund balance, end of year			<u>\$ 34,327</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, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 5,400	\$ 5,400	\$ 1,570	\$ (3,830)
Expenditures:				
Current:				
Economic development	1,080	1,080	6,368	(5,288)
Debt service:				
Principal	61,000	61,000	21,220	39,780
Interest and fiscal charges	--	--	39,396	(39,396)
Total expenditures	<u>62,080</u>	<u>62,080</u>	<u>66,984</u>	<u>(4,904)</u>
Excess (deficiency) of revenues over (under) expenditures	(56,680)	(56,680)	(65,414)	(8,734)
Other financing sources:				
Transfers	--	--	135,644	135,644
Net change in fund balances	<u>\$ (56,680)</u>	<u>\$ (56,680)</u>	70,230	<u>\$ 126,910</u>
Fund deficit, beginning of year			<u>(69,576)</u>	
Fund deficit, end of year			<u>\$ 654</u>	

**CITY OF MATTOON, ILLINOIS**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**April 30, 2012**

	<b>Health Insurance Fund</b>	<b>Insurance and Tort Judgment Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 139,024	\$ 152,943	\$ 291,967
Accounts receivable	3,602	26,672	30,274
Due from other funds	25,622	125,464	151,086
Prepaid items	--	146,206	146,206
	<u>          </u>	<u>          </u>	<u>          </u>
Total current assets	168,248	451,285	619,533
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	6,565	--	6,565
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	174,813	451,285	626,098
	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	167,188	7,017	174,205
Due to component units	1,546	374	1,920
Payable from restricted assets:			
Other payables	6,079	--	6,079
	<u>          </u>	<u>          </u>	<u>          </u>
Total current liabilities	174,813	7,391	182,204
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET ASSETS:</b>			
Unrestricted	\$ --	\$ 443,894	\$ 443,894
	<u>          </u>	<u>          </u>	<u>          </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, 2012**

	<u>Health Insurance Fund</u>	<u>Insurance and Tort Judgment Fund</u>	<u>Total</u>
Operating revenues:			
Fund charges and employee contributions	\$ 2,972,918	\$ 697,489	\$ 3,670,407
Insurance reimbursements	19,903	--	19,903
Operating grants	--	12,700	12,700
Miscellaneous operating revenue	<u>16,305</u>	<u>53,192</u>	<u>69,497</u>
Total operating revenue	<u>3,009,126</u>	<u>763,381</u>	<u>3,772,507</u>
Operating expenses:			
Administrative and general	151,091	37,261	188,352
Insurance	249,323	725,270	974,593
Health claims and uninsured judgments	<u>2,612,292</u>	<u>850</u>	<u>2,613,142</u>
Total operating expenses	<u>3,012,706</u>	<u>763,381</u>	<u>3,776,087</u>
Operating loss	(3,580)	--	(3,580)
Non-operating revenues:			
Investment income	<u>3,580</u>	<u>--</u>	<u>3,580</u>
Total non-operating revenues	<u>3,580</u>	<u>--</u>	<u>3,580</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, 2012**

	<u>Health Insurance Fund</u>	<u>Insurance and Tort Judgment Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from interfund services provided	\$ 2,576,527	\$ 628,027	\$ 3,204,554
Receipts from component units	36,795	11,153	47,948
Receipts from employees and retirees	493,935	--	493,935
Payments to suppliers	(400,414)	(786,180)	(1,186,594)
Payments to claimants	(2,609,956)	(850)	(2,610,806)
Operating grants	--	12,700	12,700
Other receipts	41,161	53,192	94,353
	<hr/>	<hr/>	<hr/>
Net cash provided by (used for) operating activities	138,048	(81,958)	56,090
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received (net of expense)	3,580	--	3,580
	<hr/>	<hr/>	<hr/>
Net cash provided by investing activities	3,580	--	3,580
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in cash	141,628	(81,958)	59,670
Cash, restricted and unrestricted, beginning of year	3,961	234,901	238,862
	<hr/>	<hr/>	<hr/>
Cash, restricted and unrestricted, end of year	\$ 145,589	\$ 152,943	\$ 298,532
	<hr/>	<hr/>	<hr/>

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

**ASSETS:**

Current assets:

Cash and cash equivalents	\$ 139,024	\$ 152,943	\$ 291,967
---------------------------	------------	------------	------------

Noncurrent assets:

Restricted assets:

Cash and cash equivalents	6,565	--	6,565
---------------------------	-------	----	-------

**LIABILITIES:**

Current liabilities:

Cash overdraft	--	--	--
	<hr/>	<hr/>	<hr/>
	\$ 145,589	\$ 152,943	\$ 298,532
	<hr/>	<hr/>	<hr/>

**CITY OF MATTOON, ILLINOIS**

**COMBINING STATEMENT OF CASH FLOWS  
(CONTINUED)  
INTERNAL SERVICE FUNDS  
For the year ended April 30, 2012**

	<u>Health Insurance Fund</u>	<u>Insurance and Tort Judgment Fund</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating loss	\$ (3,580)	\$ --	\$ (3,580)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
(Increase) decrease in receivables	4,953	(12,992)	(8,039)
(Increase) decrease in due from other funds	134,732	(43,694)	91,038
(Increase) decrease in prepaid items	--	(17,384)	(17,384)
Increase (decrease) in accounts payable	(227)	6,727	6,500
Increase (decrease) in due to other funds	--	(13,644)	(13,644)
Increase (decrease) in due to component units	(393)	(971)	(1,364)
Increase (decrease) in other payables	<u>2,563</u>	<u>--</u>	<u>2,563</u>
Net cash provided by (used for) operating activities	<u>\$ 138,048</u>	<u>\$ (81,958)</u>	<u>\$ 56,090</u>

**CITY OF MATTOON, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL COMPONENT UNIT (MATTOON PUBLIC LIBRARY)**  
**April 30, 2012**

**ASSETS:**

Cash and cash equivalents	\$	32,082
Investments, at fair value		5,628
Receivables		19,028
Due from primary government		1,920
Prepaid items		19,475
Restricted assets:		
Investments, at fair value		25,000
Total assets	\$	103,133

**LIABILITIES AND FUND BALANCE:**

**Liabilities:**

Accounts payable	\$	8,471
Payroll liabilities payable		802
Due to primary government		25,406
Deferred revenue		19,028
Advances from primary government		84,522
Total liabilities		138,229

**Fund balance:**

Nonspendable		44,475
Restricted		--
Committed		--
Assigned		--
Unassigned		(79,571)

Total fund balance		(35,096)
--------------------	--	----------

Total liabilities and fund balance	\$	103,133
------------------------------------	----	---------

**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, 2012**

Revenues:	
Payments from primary government	\$ 471,205
Intergovernmental revenues	84,028
Charges for services	2,935
Fines and forfeitures	12,028
Investment income	278
Operating contributions	148,003
Miscellaneous revenues	<u>4,311</u>
Total revenues	722,788
Expenditures:	
Current:	
Culture and recreation	635,628
Capital outlay	71,940
Debt service:	
Interest	<u>39</u>
Total expenditures	<u>707,607</u>
Excess of revenues over expenditures	<u>15,181</u>
Fund balance, beginning of year	56,997
Prior period adjustment	<u>(107,274)</u>
Fund balance (deficit), end of year	<u>\$ (35,096)</u>

**CITY OF MATTOON, ILLINOIS**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY COMPONENT UNITS  
April 30, 2012**

	<u>Mattoon Police Pension Fund</u>	<u>Mattoon Firefighters Pension Fund</u>	<u>Totals</u>
<b>ASSETS:</b>			
Cash	\$ 1,807,394	\$ 1,872,451	\$ 3,679,845
Interest receivable	51,355	55,864	107,219
Purchased interest	--	2,123	2,123
Advances to primary government	--	29,625	29,625
Investments, at fair value:			
U.S. government obligations	4,575,062	5,387,089	9,962,151
Insurance contracts	8,152,505	7,761,603	15,914,108
Certificates of deposit	175,406	--	175,406
Total investments	<u>12,902,973</u>	<u>13,148,692</u>	<u>26,051,665</u>
Total assets	<u>14,761,722</u>	<u>15,108,755</u>	<u>29,870,477</u>
<b>LIABILITIES:</b>			
Accounts payable	1,649	--	1,649
Pensions payable	--	170,607	170,607
Due to primary government	70,425	--	70,425
Total liabilities	<u>72,074</u>	<u>170,607</u>	<u>242,681</u>
<b>NET ASSETS:</b>			
Held in trust for pension benefits (a schedule of funding progress is presented on pages 98-99)	<u>\$ 14,689,648</u>	<u>\$ 14,938,148</u>	<u>\$ 29,627,796</u>

**CITY OF MATTOON, ILLINOIS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY COMPONENT UNITS  
For the year ended April 30, 2012**

	<u>Mattoon Police Pension Fund</u>	<u>Mattoon Firefighters Pension Fund</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 1,082,520	\$ 1,292,792	\$ 2,375,312
Plan members	211,661	202,782	414,443
Total contributions	<u>1,294,181</u>	<u>1,495,574</u>	<u>2,789,755</u>
Investment income:			
Interest income	300,713	275,674	576,387
Net increase (decrease) in fair value of investments	<u>(58,161)</u>	<u>550,043</u>	<u>491,882</u>
Net investment income	<u>242,552</u>	<u>825,717</u>	<u>1,068,269</u>
Total additions	<u>1,536,733</u>	<u>2,321,291</u>	<u>3,858,024</u>
Deductions:			
Benefits and refunds of contributions	1,632,070	2,040,226	3,672,296
Administrative Expenses	<u>18,116</u>	<u>9,612</u>	<u>27,728</u>
Total deductions	<u>1,650,186</u>	<u>2,049,838</u>	<u>3,700,024</u>
Change in net assets	(113,453)	271,453	158,000
Net assets held in trust, beginning of year	<u>14,803,101</u>	<u>14,666,695</u>	<u>29,469,796</u>
Net assets held in trust, end of year	<u>\$ 14,689,648</u>	<u>\$ 14,938,148</u>	<u>\$ 29,627,796</u>

**ACCOMPANYING INFORMATION SECTION**

**CITY OF MATTOON, ILLINOIS**

**LEGAL DEBT MARGIN  
(UNAUDITED)  
April 30, 2012**

Assessed valuation, 2011 levy		<u>\$ 197,894,169</u>
Statutory debt limitation: (8.625% of assessed valuation)		\$ 17,068,372
Total debt:		
General obligation bonds	(15,716,000)	
Capital leases	(493,099)	
Notes payable	<u>(12,412,081)</u>	
Total debt		(28,621,180)
Less debt exempt from statutory debt limitation computation:		
General obligation bonds	15,716,000	
Capital leases	-	
Notes payable-IEPA loans	<u>9,844,485</u>	
Total debt exempt from statutory debt limitation		<u>25,560,485</u>
Legal debt margin		<u>\$ 14,007,677</u>

## **COMPLIANCE SECTION**

MEMBERS

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

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&  
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**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, 2012, and have issued our report thereon dated April 30, 2013. 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**

Management of the City of Mattoon, Illinois is responsible for establishing and maintaining effective 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 Questioned Costs, 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 Questioned Costs as items 12-01, 12-04, and 12-05 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 12-02 and 12-03 to be a significant deficiencies.

### **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 April 30, 2013.

The City of Mattoon, Illinois' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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.

*Went & Coffey, LLC*

April 30, 2013

MEMBERS

E. LYNN FREESE  
RICHARD C. WEST  
BRIAN E. DANIELL  
JANICE K. ROMACK  
DIANA R. SMITH  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and City Commissioners  
City of Mattoon, Illinois

**Compliance**

We have audited the compliance of the City of Mattoon with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012. The City of Mattoon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management. Our responsibility is to express an opinion on the City of Mattoon's compliance based on our audit.

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

In our opinion, the City of Mattoon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012.

### **Internal Control Over Compliance**

Management of the City of Mattoon is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Mattoon's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Mattoon's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

West + Gage, LLC  
April 30, 2013

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**April 30, 2012**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through Illinois Housing Development Authority</i>			
(m) HOME Investment Partnership Program	14.239	HO-50220	<u>\$ 287,922</u>
<b>U.S. Department of Justice</b>			
Sharing of federally forfeited property	16.UNKNOWN		107,689
<i>Passed through Illinois Criminal Justice Info Authority:</i>			
Recovery Act - Edward Bryne Memorial Justice Assistance Grant	16.803	809103	30,166
Edward Byrne Memorial Justice Assistance Grant	16.738	409003	77,043
Bulletproof Vest Partnership Program	16.607		<u>11,309</u>
Total U.S. Department of Justice			<u>226,207</u>
<b>U.S. Department of Transportation</b>			
<i>Passed through Illinois Department of Transportation:</i>			
State and Community Highway Safety	20.600	AL23625053	6,250
<b>U.S. Department of Homeland Security</b>			
<i>Passed through Illinois Emergency Management Agency passed through Mutual Aid Box Alarm System</i>			
Homeland Security Grant Program	97.067		<u>8,772</u>
<b>U.S. Department of the Treasury</b>			
Treasury Forfeiture Fund	21.UNKNOWN		<u>1,550</u>
<b>TOTAL</b>			<u><u>\$ 530,701</u></u>

(m) - Audited as a major program

The accompanying notes are an integral part of this schedule

**CITY OF MATTOON, ILLINOIS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**April 30, 2012**

1. **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mattoon, Illinois for the year ended April 30, 2012, presented on the modified accrual basis of accounting. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on this schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended April 30, 2012**

**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   no

Noncompliance material to financial statements noted?   yes  X  no

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
14.239	HOME Investment Partnership Program

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

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

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(CONTINUED)**  
**For the year ended April 30, 2012**

**Section II - Financial Statement Findings**

**FINDING NO. 12-01 – Controls Over Financial Statement Preparation**

**Criteria/Specific Requirement:**

The City of Mattoon is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The City's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

**Condition:**

The City of Mattoon does not have sufficient internal controls over the financial reporting process. The City maintains its accounting records on the cash basis of accounting. While the City maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the City's accounting records, noted that numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**Effect:**

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

**Cause:**

According to City officials, the former city Treasurer left prior to the financial statement preparation and a new Treasurer was not hired until several months after the fiscal year had ended.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(CONTINUED)**  
**For the year ended April 30, 2012**

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

**FINDING NO. 12-01 – Controls Over Financial Statement Preparation** (Continued)

**Auditors' Recommendation:**

As part of internal control over the preparation of financial statements, including disclosures, the City of Mattoon should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the City's activities and operations. This problem should be resolved in the next fiscal year with the hiring of the new Treasurer.

**Management's Response:**

The new City Treasurer accepted responsibility on September 4, 2012, is a CPA, and will oversee preparation of the GAAP based financial statements.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(CONTINUED)**  
**For the year ended April 30, 2012**

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

**FINDING NO. 12-02 – Lack of Segregation of Duties and Inadequate Controls over Payroll**  
**(Partial repeat of 11-01 and 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. There is no review of the payroll tax returns and payroll withholding distributions prior to their payment.

**Effect:**

Because of the lack of segregation of duties and internal controls, 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.

**Auditors' Recommendation:**

Procedures should be implemented to ensure that payroll taxes and other withholdings be reviewed and approved by management before they are paid.

**Management's Response:**

All payroll is reviewed by the City Treasurer. The City will implement a policy that all payroll tax returns and withholding also be reviewed prior to filing and payment.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(CONTINUED)**  
**For the year ended April 30, 2012**

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

**FINDING NO. 12-03 – Inadequate Controls over Billed Revenues and Receivables (Repeat of 11-02 and 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. Due to the lack of internal controls, the City did not realize that it had not collected on a receivable of \$43,594 until the question was raised by the auditors in the fall of 2012, over a year after the invoice had originally been sent.

**Effect:**

The financial statements could be misstated due to receivables that were not reported to the finance department, lack of follow-up on significant aged receivables, 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 limited procedures in place for the review and approval of invoices or for reporting to the finance department when an invoice is prepared and sent from other departments. There are limited procedures to follow-up on significant receivables after they have been outstanding for a certain amount of time. There are also limited procedures implemented to provide adequate controls over the ambulance billing process.

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**For the year ended April 30, 2012**

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

**FINDING NO. 12-03 – Inadequate Controls over Billed Revenues and Receivables (Repeat of 11-02 and 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. The billing function could also be in charge of following up on outstanding receivables after a set amount of time has passed. 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 has assumed responsibility for ambulance billing and collection effective February 1, 2013. In addition, the City will develop an Accounts Receivable program in the Finance Department. The Finance Department will receive copies of the invoices prepared by the various other departments, enter them into the City's accounting system, and then monitor, track and report the status for the receivable until collected.

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**For the year ended April 30, 2012**

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

**FINDING NO. 12-04 – Inadequate Controls over Compliance Requirements for Grants  
(Repeat of 11-03 and 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.

**Management's Response:**

Currently, the various departments monitor their individual grants. The City would like to centralize the processing of grant applications and monitoring and will attempt to put a process in place to centralize the grant process and better monitor the grants received.

**CITY OF MATTOON, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**For the year ended April 30, 2012**

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

**FINDING NO. 12-05 – Inadequate Controls over Capital Assets (Repeat of 11-04)**

**Criteria/Specific Requirement:**

Internal controls should be in place to 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.

**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.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(CONTINUED)**  
**For the year ended April 30, 2012**

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

**FINDING NO. 12-05 – Inadequate Controls over Capital Assets (Repeat of 11-04)**

**Management's Response:**

All capital acquisitions are budgeted for and recorded in the newly established mobile equipment fund. In addition, new line items will be added for recorded the proceeds of asset sales.

**CITY OF MATTOON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(CONTINUED)**  
**For the year ended April 30, 2012**

**Section III – Federal Award Findings**

There were no federal award findings for the year ended April 30, 2012

**CITY OF MATTOON, ILLINOIS**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**For the year ended April 30, 2012**

**Corrective Action Plan**

**FINDING NO. 12-01 – Controls Over Financial Statement Preparation**

**Condition:**

The City of Mattoon does not have sufficient internal controls over the financial reporting process. The City maintains its accounting records on the cash basis of accounting. While the City maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation/review of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the City's accounting records, noted that numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

**Plan:**

Hire a CPA to fill the role of Treasurer and oversee the preparation of GAAP based financial statements.

**Anticipated Date of Completion:**

September 4, 2012

**Name of Contact Person:**

Beth W. Wright, City Treasurer

**CITY OF MATTOON, ILLINOIS**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**For the year ended April 30, 2012**

**Corrective Action Plan**

**FINDING NO. 12-02 – Lack of Segregation of Duties and Inadequate Controls over Payroll**  
**(Partial repeat of 11-01 and 10-01)**

**Condition:**

The payroll function is performed almost entirely by one individual. There is no review of the payroll tax returns and payroll withholding distributions prior to their payment.

**Plan:**

The City Treasurer will review all payroll tax returns and withholding prior to filing and payment.

**Anticipated Date of Completion:**

May 1, 2013

**Name of Contact Person:**

Beth W. Wright, City Treasurer

**CITY OF MATTOON, ILLINOIS**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**For the year ended April 30, 2012**

**Corrective Action Plan**

**FINDING NO. 12-03 – Inadequate Controls over Billed Revenues and Receivables (Repeat of 11-02 and 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. Due to the lack of internal controls, the City did not realize that it had not collected on a receivable of \$43,594 until the question was raised by the auditors in the fall of 2012, over a year after the invoice had originally been sent.

**Plan:**

Ambulance billing and collection will be done by the City versus outsourcing to a third party. Additionally, an Accounts Receivable program will be developed wherein the Finance Department will obtain copies of invoices generated by the other departments, enter the information into the accounting system, and monitor collection.

**Anticipated Date of Completion:**

February 1, 2013 and October 31, 2013

**Name of Contact Person:**

Beth W. Wright, City Treasurer

**CITY OF MATTOON, ILLINOIS**

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the year ended April 30, 2012**

**Corrective Action Plan**

**FINDING NO. 12-04 – Inadequate Controls over Compliance Requirements for Grants  
(Repeat of 11-03 and 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 implement a procedure for centralizing the tracking of grant applications and monitoring. This would include a central database for tracking grants, 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, 2014

**Name of Contact Person:**

Beth W. Wright, City Treasurer

**CITY OF MATTOON, ILLINOIS**  
**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**For the year ended April 30, 2012**

**Corrective Action Plan**

**FINDING NO. 12-05 – Inadequate Controls over Capital Assets (Repeat of 11-04)**

**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:**

All capital expenditures will be tracked through the Mobile Equipment Fund and new accounts will be set up to record all asset disposals.

**Anticipated Date of Completion:**

July 31, 2013

**Name of Contact Person:**

Beth W. Wright, City Treasurer

**CITY OF MATTOON, ILLINOIS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the year ended April 30, 2012**

<b>Finding Number</b>	<b>Condition</b>	<b>Current Status</b>
11-01	Lack of Segregation of Duties and Inadequate Controls over Payroll	Partially repeated
11-02	Inadequate Controls over Billed Revenues and Receivables	Repeated
11-03	Inadequate Controls over Compliance Requirements for Grants	Repeated
11-04	Inadequate Controls over Capital Assets	Repeated