

CITY OF MATTOON, ILLINOIS
FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED APRIL 30, 2014

CITY OF MATTOON, ILLINOIS
 FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
 For the Year Ended April 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Mattoon, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mattoon, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Mattoon, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mattoon, as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-15, Illinois Municipal Retirement Fund Schedule of Funding Progress on page 79, pension plans' Schedules of Funding Progress and Employer Contributions on pages 80 and 81, post-employment healthcare benefit program's Schedule of Funding Progress on page 82, and budgetary comparison information on page 83, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mattoon's basic financial statements. The major fund schedule, combining and individual nonmajor fund financial statements and schedules, and the combining and individual component unit statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major fund schedule, combining and individual nonmajor fund financial statements and schedules, and the combining and individual component unit statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major fund schedule, combining and individual nonmajor fund financial statements and schedules, and the combining and individual component unit statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The computation of legal debt margin has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014, on our consideration of the City of Mattoon's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mattoon's internal control over financial reporting and compliance.

Doehring, Winders & Co. LLP

Mattoon, Illinois
November 13, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**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, 2014. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the financial statements, which begin on page 17.

FINANCIAL HIGHLIGHTS

- The City of Mattoon, excluding pension component units and including the Mattoon Public Library component unit, has total assets and deferred outflows of resources of \$89,098,505 and total liabilities and deferred inflows of resources of \$38,461,668, resulting in a net position of \$50,636,837 as of April 30, 2014. Total assets and deferred outflows of resources increased from April 30, 2013 by \$642,309, total liabilities and deferred inflows of resources decreased from April 30, 2013 by \$284,411, and the net position increased from April 30, 2013 by \$926,720. Of the net position as of April 30, 2014, \$51,386,356 represents the City's investment in capital assets, net of related debt, \$3,701,383 is held for restricted purposes, and (\$4,450,902) 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 \$.9 million, from \$11.4 million to \$10.5 million. The negative pooled cash balances as of April 30, 2013 in the General Fund and the Capital Projects Fund and related loans from the business-type activities have been corrected. The City's cash position in the business-type activities increased by approximately \$2.3 million, from \$1.3 million to \$3.3 million.

- The following table shows the changes in major revenue sources from fiscal year 2013 to 2014.

**City of Mattoon, Illinois
Changes in Major Revenue Sources
April 30, 2014**

<u>Source</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
Intergovernmental Shared Revenues	\$ 9,545,840	\$ 9,473,342	\$ 72,498
Property Tax Revenues	4,300,660	4,244,970	55,690
Telecommunications taxes	803,001	834,010	(31,009)
Utility Tax Revenues	1,321,439	1,275,474	45,965
Water Fund Charges for Services	3,744,583	3,685,889	58,694
Sewer Fund Charges for Services	4,436,844	4,159,097	277,747
Charges for Services	1,445,835	1,329,697	116,138
Table Totals	<u>\$ 25,598,202</u>	<u>\$ 25,002,479</u>	<u>\$ 595,723</u>

Fiscal year 2013 reported a significant state capital grant in the Capital Projects Fund that did not reoccur in fiscal year 2014. Overall, grant funding has been declining. All other revenue sources remain relatively stable.

- During FY 2012, the City implemented a Mobile Equipment Fund as the funding mechanism for the replacement of the City's aging vehicle fleet. In addition, 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 the City's debt will be retired from revenue sources other than property taxes, the City 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 Position* presents information on all of the City of Mattoon's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 17 through 19 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 and Capital Projects 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 the 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 Position* 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 statements showing these component units combined in a single column begin on page 29. Individual 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 112 through 113 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 31 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 funds and fiduciary component units.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The *Statement of Net Position* for the City of Mattoon is summarized in the table below. As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by nearly \$49 million as of April 30, 2014. The majority of the net amount reflects 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	
	2014	2013	2014	2013	2014	2013
Current & Other Assets	\$19,161,364	\$18,125,930	\$4,425,662	\$4,078,375	\$23,587,026	\$22,204,305
Deferred outflows of resources	25,225	-	87,360	-	112,585	-
Capital Assets (net)	26,309,885	26,750,011	37,154,645	37,467,813	63,464,530	64,217,824
Total Assets and Deferred Outflows of Resources	\$45,496,474	\$44,875,941	\$41,667,667	\$41,546,188	\$87,164,141	\$86,422,129
Current Liabilities	\$1,344,708	\$5,358,527	\$641,624	\$557,959	\$1,986,332	\$5,916,486
Deferred inflows of resources	4,540,197	-	-	-	4,540,197	-
Non-current Liabilities	18,538,946	17,868,836	13,248,023	14,741,360	31,786,969	32,610,196
Total Liabilities and Deferred Inflows of Resources	\$24,423,851	\$23,227,363	\$13,889,647	\$15,299,319	\$38,313,498	\$38,526,682
Net Investment in Capital Assets	\$23,073,143	\$23,015,222	\$26,421,582	\$24,922,034	\$49,494,725	\$47,937,256
Restricted	3,676,383	3,765,293	-	-	3,676,383	3,765,293
Unrestricted	(5,676,903)	(5,131,937)	1,356,438	1,324,835	(4,320,465)	(3,807,102)
Total Net Position	\$21,072,623	\$21,648,578	\$27,778,020	\$26,246,869	\$48,850,643	\$47,895,447
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	86%	93%	200%	172%	128%	124%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	(23.2%)	(22.1%)	9.8%	8.7%	(11.3%)	(9.9%)

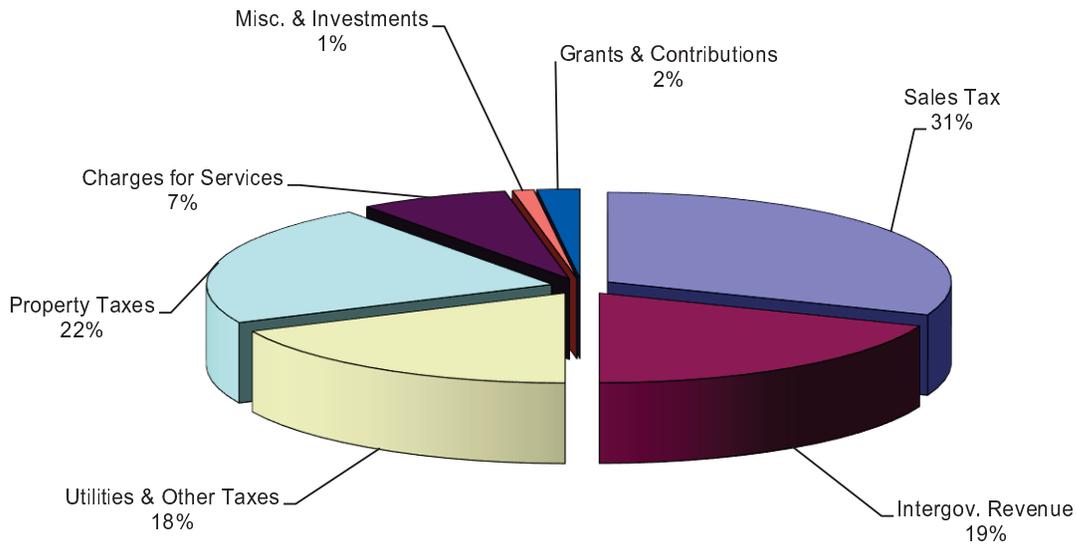
As of April 30, 2014, the Governmental Activities have a negative Unrestricted Net Position of \$5,676,903. The Business-Type Activities have an unrestricted net position of \$1,356,438. Overall, the City is able to report positive balances in net position for the governmental activities as well as business-type 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	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services	\$1,445,835	\$1,329,697	\$8,181,427	\$7,844,986	\$9,627,262	\$9,174,683
Operating Grants & Contr.	363,060	692,421	0	0	363,060	692,421
Capital Grants & Contr.	9,977	620,092	0	20,083	9,977	640,175
General Revenues						
Property Taxes	4,300,660	4,244,970	0	0	4,300,660	4,244,970
Sales Taxes	5,984,537	6,290,036	0	0	5,984,537	6,290,036
Utility Taxes	1,321,439	1,275,474	0	0	1,321,439	1,275,474
Telecommunication Taxes	803,001	834,010	0	0	803,001	834,010
Other Taxes	1,239,394	1,236,255	0	0	1,239,394	1,236,255
Other Intergovern. Rev.	3,561,303	3,183,306	0	0	3,561,303	3,183,306
Investments Income	21,193	24,691	9,689	7,941	30,882	32,632
Miscellaneous Income	122,392	132,582	0	203,643	122,392	336,225
Gain (Loss) on Sale of Assets	1,031	(24,521)	10,594	(5,412)	11,625	(29,933)
Total Revenue	<u>\$19,173,822</u>	<u>\$19,839,013</u>	<u>\$8,201,710</u>	<u>\$8,071,241</u>	<u>\$27,375,532</u>	<u>\$27,910,254</u>
Expenses						
Program Expenses						
General Government	\$2,494,026	\$2,315,049	\$0	\$0	\$2,494,026	\$2,315,049
Public Safety	11,350,913	10,854,972	0	0	11,350,913	10,854,972
Public Works	2,882,281	3,386,698	0	0	2,882,281	3,386,698
Health and Welfare	205,047	212,058	0	0	205,047	212,058
Culture and Recreation	1,915,342	1,882,711	0	0	1,915,342	1,882,711
Economic Development	323,811	630,099	0	0	323,811	630,099
Interest on Long-Term Debt	503,401	561,284	0	0	503,401	561,284
Water	0	0	3,335,898	3,001,826	3,335,898	3,001,826
Sewer	0	0	3,661,293	3,708,522	3,661,293	3,708,522
Total Expenses	<u>\$19,674,821</u>	<u>\$19,842,871</u>	<u>\$6,997,191</u>	<u>\$6,710,348</u>	<u>\$26,672,012</u>	<u>\$26,553,219</u>
Increase (decrease) in net position						
before transfers	(\$500,999)	(\$3,858)	\$1,204,519	\$1,360,893	\$703,520	\$1,357,035
Transfers	<u>139,194</u>	<u>137,671</u>	<u>(139,194)</u>	<u>(137,671)</u>	<u>0</u>	<u>0</u>
Changes in Net Position	(361,805)	133,813	1,065,325	1,223,222	703,520	1,357,035
Net Position - May 1 (Restated)	<u>21,434,428</u>	<u>21,514,765</u>	<u>26,712,695</u>	<u>25,023,647</u>	<u>48,147,123</u>	<u>46,538,412</u>
Net Position - April 30	<u>\$21,072,623</u>	<u>\$21,648,578</u>	<u>\$27,778,020</u>	<u>\$26,246,869</u>	<u>\$48,850,643</u>	<u>\$47,895,447</u>

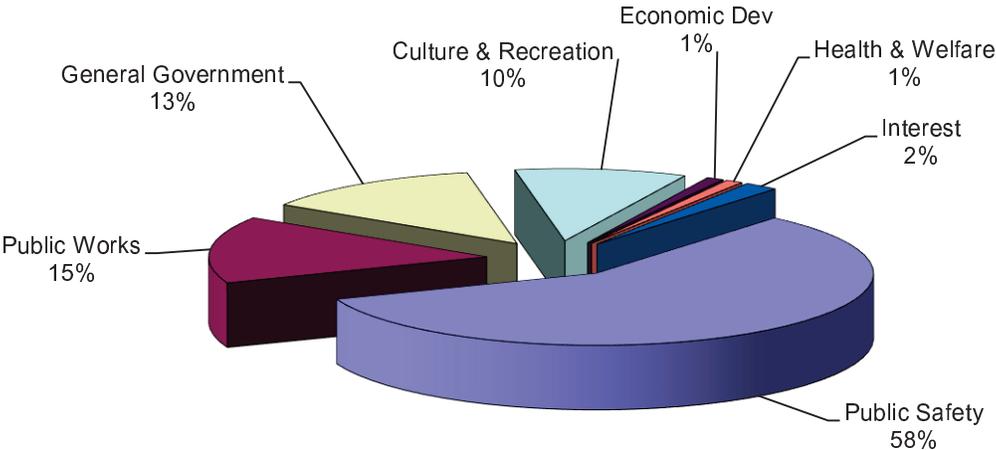
The following chart illustrates how governmental activities are funded. Sales taxes provided thirty-one percent (31%) of the governmental activities revenue. Intergovernmental revenues (state shared taxes) provided nineteen percent (19%) of the governmental activities revenue. Property taxes provided twenty-two percent (22%) of the governmental activities revenue. Utility taxes and other taxes provided eighteen percent (18%) of the governmental activities revenue. Taxes, in one form or another, comprised ninety percent (90%) of the governmental activities revenue. The remaining ten percent (10%) came from Charges for Services, seven percent (7%), Miscellaneous and Investment Revenue, one percent (1%), and Grants and Contributions, two percent (2%).

Governmental Activities Revenue



The following chart illustrates the expenses of the governmental activities. Public safety (fire and police protection) comprised fifty-eight percent (58%) of the total expenses of the governmental activities. Public works comprised fifteen percent (15%) of the total expenses of the governmental activities. General government comprised thirteen percent (13%) of the total expenses of the governmental activities. The remaining fourteen percent (14%) came from expenses for culture and recreation, ten percent (10%), economic development, one percent (1%), interest, two percent (2%), 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. Primarily all 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, 2014, the City of Mattoon's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$11,952,772, an increase of \$689,350 from April 30, 2013. Of the ending fund balances total, \$446,822 is considered nonspendable, \$3,274,643 is restricted, \$3,972,514 is committed, \$253,866 is assigned, and \$4,004,927 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 sixty-two percent (62%) of the General Fund expenditures of \$16 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 nine percent (9%) of the General Fund's costs are derived from the public works operations.

The General Fund has a fund balance of \$4,430,211, an increase of \$608,197 over the balance as of April 30, 2013. The increase is mainly due to conservative budgeting and spending. The Capital Projects Fund has a fund balance of \$3,966,984, a decrease of \$202,959 from the balance as of April 30, 2013. 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 a new Public Works building which has been budgeted for the fiscal year ending April 30, 2015.

With regard to the Other Governmental Funds, the Motor Fuel Tax Fund had a total fund balance of \$1,398,299, the Revolving Loan Fund had a total fund balance of \$1,008,637 and the Broadway East Business district had a fund balance of \$529,055. The Motor Fuel Tax Fund balance primarily reflects the amounts designated to pay for maintenance of existing streets, resurfacing and construction of new streets. The Revolving Loan Fund balance is primarily monies to be pledged for expenditure on loans to assist in the economic development of Mattoon. The 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 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, 2014 of \$619,586. The total accumulated fund balances of all of the Other Governmental Funds increased by \$284,112 during the year ended April 30, 2014.

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 28. The net position of the enterprise type proprietary funds at April 30, 2014 was \$27,778,020, an increase of \$1,531,151 from the previous year. Overall, including Prior Period Adjustments, the Water Fund net position increased \$556,889 and the Sewer Fund net position increased \$974,262.

For the year ended April 30, 2014, operating revenues in the Water Fund totaled \$3,744,583 (a decrease of \$144,949 from fiscal year 2013), operating expenses totaled \$3,183,039 (an increase of \$374,783 from fiscal year 2013) producing operating income of \$561,544 (a decrease of \$519,732 from fiscal year 2013). The decrease in operating revenue reflects a one-time settlement payment of \$203,643 that was received during the fiscal year ended April 30, 2013. Non-operating revenues, expenses and transfers netted a decrease in net position of \$183,866, leaving a profit or increase to net position in the Water Fund of \$377,678. The City Council began implementing a series of water rate increases May 1, 2010. The final increase will be effective May 1, 2015.

For the year ended April 30, 2014, revenues in the Sewer Fund totaled \$4,436,844 (an increase of \$277,747 from fiscal year 2013), operating expenses totaled \$3,430,385 (a decrease of \$14,550 from fiscal year 2013) producing operating income of \$1,006,459 (an increase of \$292,297 from fiscal year 2013). Non-operating revenues, expenses and transfers netted a decrease in net position of \$318,812, leaving a profit or increase to net position in the Sewer fund of \$687,647. The Sewer Fund has had a series of rate increases over the last nine years and will continue for one more year.

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 page 83. The final fiscal year 2014 General Fund budget authorized expenditures and other financing uses of \$17,118,901 funded by anticipated revenues and other financing sources of \$17,110,654 leaving the amount of revenues and other financing sources over expenditures and other financing uses of (\$8,247). The actual amount of expenditures and other financing uses under revenues and other financing sources was \$608,197, a positive budget to actual variance of \$616,444.

The largest variance in General Fund revenues was from taxes. Taxes exceeded the budgeted amount by \$192,239 primarily due to utility tax collections. Contributions and miscellaneous revenues exceeded the budgeted amount by \$118,625 largely due to contributions of \$90,019 to the Arts Council. General Fund expenditures had an overall variance of \$38,983. Contributing to the total variance is a negative variance in Public Safety of \$72,092 and a positive variance in Public Works of \$157,251.

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 96.

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, 2014. As summarized in the table below, the City's reported investment in capital assets for governmental and business-type activities as of April 30, 2014 totaled \$153.8 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 \$90.4 million, or fifty-nine percent (59%) of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is \$63.5 million.

City of Mattoon, Illinois Capital Assets, Net of Accumulated Depreciation April 30, 2014

Classification	Governmental Activities	Business-type Activities	Total
Land	\$ 3,199,747	\$ 587,155	\$ 3,786,902
Buildings and Improvements	10,128,291	13,288,761	23,417,052
Equipment, furniture and vehicles	6,199,945	3,724,043	9,923,988
Improvements other than buildings	3,607,507	215,627	3,823,134
Infrastructure	59,820,100	-	59,820,100
Treat. collect. and distrib. systems	-	51,601,276	51,601,276
Construction in Progress	371,593	1,097,894	1,469,487
Subtotal	<u>83,327,183</u>	<u>70,514,756</u>	<u>153,841,939</u>
Less Accumulated Depreciation	<u>(57,017,298)</u>	<u>(33,360,111)</u>	<u>(90,377,409)</u>
Total	<u>\$ 26,309,885</u>	<u>\$ 37,154,645</u>	<u>\$ 63,464,530</u>

Long-Term Liabilities

On April 30, 2014, the City of Mattoon had \$31,786,969 of long-term liabilities outstanding (a decrease of \$823,227 from April 30, 2013), as summarized in the following table:

City of Mattoon, Illinois
General Obligation Bonds, Notes Outstanding and Other Long-Term Liabilities
April 30, 2014

Classification	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 9,772,556	\$ 2,742,848	\$ 12,515,404
Notes Payable	1,357,221	8,883,734	10,240,955
Capital Leases	413,670	-	413,670
Compensated Absences	966,650	232,267	1,198,917
Net Pension Obligation	674,271	-	674,271
Post-Employment Healthcare	5,354,578	1,389,174	6,743,752
Total	<u>\$ 18,538,946</u>	<u>\$ 13,248,023</u>	<u>\$ 31,786,969</u>

The liability for Compensated Absences increased \$37,469, the Net Pension Obligation increased \$380,979, and the Post-Employment Healthcare Benefits liabilities increased \$1,298,957 during this fiscal year. The other existing liabilities decreased by \$2,540,632 from April 30, 2013. Detailed information regarding specific debt can be found in notes 12, 13, 14, 15, and 16 beginning on page 55.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF MATTOON, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Mattoon Public Library
Assets:				
Cash and cash equivalents	\$ 10,526,844	\$ 3,315,690	\$ 13,842,534	\$ 21,402
Investments, at fair value	-	-	-	11,552
Receivables	7,735,637	959,472	8,695,109	1,035
Internal balances	(24,990)	24,990	-	-
Due from primary government	-	-	-	10,376
Due from component units	52,497	-	52,497	-
Prepaid items	148,026	6,250	154,276	-
Advances to component units	81,176	-	81,176	-
Restricted assets:				
Cash and cash equivalents	291,869	119,260	411,129	-
Certificates of deposit	8,719	-	8,719	-
Investments, at fair value	-	-	-	25,000
Cemetery development	60,652	-	60,652	-
Long-term receivables	280,934	-	280,934	-
Capital assets, net of depreciation				
Land	3,199,747	587,155	3,786,902	-
Buildings and building improvements	7,206,869	8,034,333	15,241,202	1,819,138
Improvements other than buildings	3,296,912	66,261	3,363,173	-
Treatments, collection and distribution systems	-	26,048,881	26,048,881	-
Infrastructure	11,491,405	-	11,491,405	-
Equipment, furniture and vehicles	743,359	1,320,121	2,063,480	45,861
Construction in progress	371,593	1,097,894	1,469,487	-
Total assets	45,471,249	41,580,307	87,051,556	1,934,364
Deferred outflows of resources:				
Advance refunding on debt charges	25,225	87,360	112,585	-
Combined assets and deferred outflows of resources	\$ 45,496,474	\$ 41,667,667	\$ 87,164,141	\$ 1,934,364

The accompanying notes are an integral part of these financial statements.

CITY OF MATTOON, ILLINOIS
STATEMENT OF NET POSITION (Continued)

April 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Mattoon Public Library
Liabilities:				
Accounts payable	\$ 550,446	\$ 334,562	\$ 885,008	\$ 141
Payroll liabilities payable	236,446	83,011	319,457	2,933
Accrued interest expense	208,498	104,791	313,289	2,507
Due to primary government	-	-	-	52,497
Due to component units	158,764	-	158,764	-
Unavailable revenue	184,228	-	184,228	-
Liabilities payable from restricted assets:				
Other payables	6,326	119,260	125,586	-
Advances from primary government	-	-	-	81,176
Noncurrent Liabilities:				
Due within one year	927,279	2,052,337	2,979,616	1,783
Due in more than one year	17,611,667	11,195,686	28,807,353	7,133
Total liabilities	19,883,654	13,889,647	33,773,301	148,170
Deferred inflows of resources:				
Subsequent year's property taxes	4,540,197	-	4,540,197	-
Combined liabilities and deferred inflows of resources	24,423,851	13,889,647	38,313,498	148,170
Net Position:				
Net investment in capital assets	23,073,143	26,421,582	49,494,725	1,891,631
Restricted for:				
Public safety	48,721	-	48,721	-
Highways and streets	1,398,299	-	1,398,299	-
Culture and recreation	-	-	-	-
Economic development	1,625,401	-	1,625,401	-
Cemetery maintenance	305,706	-	305,706	-
Capital assets	298,256	-	298,256	-
Permanent endowment:				
Nonexpendable	-	-	-	25,000
Unrestricted	(5,676,903)	1,356,438	(4,320,465)	(130,437)
Total Net Position	\$ 21,072,623	\$ 27,778,020	\$ 48,850,643	\$ 1,786,194

The accompanying notes are an integral part of these financial statements.

CITY OF MATTOON, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2014

Functions/Programs:	Program Revenues				Net Revenue (Expense) and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total		Mattoon Public Library
Primary Government:									
Governmental Activities:									
General government	\$ 2,494,026	\$ 262,345	-	-	(2,231,681)	\$ -	\$ (2,231,681)		
Public safety	11,350,913	761,575	1,886	1,886	(10,475,952)	-	(10,475,952)		
Public works	2,882,281	38,189	14,402	8,091	(2,821,599)	-	(2,821,599)		
Health and welfare	205,047	95,526	-	-	(109,521)	-	(109,521)		
Culture and recreation	1,915,342	288,200	214,687	-	(1,412,455)	-	(1,412,455)		
Economic development	323,811	-	22,471	-	(301,340)	-	(301,340)		
Interest on long-term debt	503,401	-	-	-	(503,401)	-	(503,401)		
Total governmental activities	19,674,821	1,445,835	363,060	9,977	(17,855,949)	-	(17,855,949)		
Business-type activities:									
Water	3,335,898	3,744,583	-	-	-	408,685	408,685		
Sewer	3,661,293	4,436,844	-	-	-	775,551	775,551		
Total business-type activities	6,997,191	8,181,427	-	-	-	1,184,236	1,184,236		
Total primary government	\$ 26,672,012	\$ 9,627,262	\$ 363,060	\$ 9,977	(17,855,949)	1,184,236	(16,671,713)		
Component Unit:									
Mattoon Public Library	\$ 589,344	\$ 18,582	\$ 58,982	\$ -	-	-	\$ (511,780)		
General Revenues:									
Property taxes					3,905,763	-	3,905,763		
TIF property tax increment					394,897	-	394,897		
Telecommunications taxes					803,001	-	803,001		
Utility taxes					1,321,439	-	1,321,439		
Business district taxes					364,708	-	364,708		
Other taxes					874,686	-	874,686		
Payments from primary government					-	-	-	478,201	
Sales taxes					5,984,537	-	5,984,537		
Income and use taxes					2,201,342	-	2,201,342		
Other intergovernmental revenues					1,359,961	-	1,359,961		
Investment income					21,193	9,689	30,882	2,990	
Miscellaneous income					122,392	-	122,392	2,113	
Gain on sale of capital assets					1,031	10,594	11,625	-	
Transfers					139,194	(139,194)	-	-	
Total general revenues and transfers					17,494,144	(118,911)	17,375,233	483,304	
Change in net position					(361,805)	1,065,325	703,520	(28,476)	
Net position - beginning					21,648,578	26,246,869	47,895,447	1,814,670	
Prior period adjustment					(214,150)	465,826	251,676	-	
Net position - ending					\$ 21,072,623	\$ 27,778,020	\$ 48,850,643	\$ 1,786,194	

The accompanying notes are an integral part of these financial statements.

CITY OF MATTOON, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,887,219	\$ 4,043,427	\$ 3,032,668	\$ 9,963,314
Receivables (net of allowance for uncollectibles)	6,933,309	-	800,048	7,733,357
Due from other funds	131,092	111,403	176	242,671
Due from component units	52,497	-	-	52,497
Prepaid items	24,060	-	-	24,060
Long-term receivables	-	-	280,934	280,934
Advances to component unit	81,176	-	-	81,176
Cemetery development	60,652	-	-	60,652
Restricted assets:				
Cash and cash equivalents	285,056	-	-	285,056
Certificates of deposit	8,719	-	-	8,719
Total assets	\$ 10,463,780	\$ 4,154,830	\$ 4,113,826	\$ 18,732,436
Liabilities:				
Accounts payable	\$ 317,860	\$ 31,596	\$ 40,371	\$ 389,827
Payroll liabilities payable	233,489	-	2,957	236,446
Due to other funds	111,403	-	71,964	183,367
Due to component units	157,308	-	-	157,308
Unavailable revenue	27,978	156,250	-	184,228
Total liabilities	848,038	187,846	115,292	1,151,176
Deferred inflows of resources	5,185,531	-	442,957	5,628,488
Fund Balance:				
Nonspendable	165,888	-	280,934	446,822
Restricted	-	-	3,274,643	3,274,643
Committed	5,530	3,966,984	-	3,972,514
Assigned	253,866	-	-	253,866
Unassigned	4,004,927	-	-	4,004,927
Total fund balance	4,430,211	3,966,984	3,555,577	11,952,772
Total liabilities, deferred inflows of resources, and fund balance	\$ 10,463,780	\$ 4,154,830	\$ 4,113,826	\$ 18,732,436

Total liabilities, deferred inflows of resources, and fund balance

The accompanying notes are an integral part of these financial statements.

CITY OF MATTOON, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

April 30, 2014

Total fund balances - governmental funds	\$ 11,952,772
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	26,309,885
Receivables not available to pay for current-period expenditures and, therefore, not reported in the funds.	1,088,291
Internal service funds are used by management to charge the cost 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 position.	443,894
Advance refunding of debt charges are included in governmental activities in the statement of net position.	25,225
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(18,747,444)</u>
Net position of governmental activities	<u>\$ 21,072,623</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, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 6,592,260	\$ -	\$ 1,120,775	\$ 7,713,035
Licenses and permits	190,616	-	-	190,616
Intergovernmental revenues	8,975,780	-	653,819	9,629,599
Charges for services	1,099,657	-	-	1,099,657
Fines and forfeitures	140,742	-	-	140,742
Investment income	6,585	1,854	12,740	21,179
Contributions and miscellaneous revenues	333,706	25,380	-	359,086
Total revenues	17,339,346	27,234	1,787,334	19,153,914
Expenditures:				
Current:				
General government	2,193,590	7,053	-	2,200,643
Public safety	10,099,781	-	-	10,099,781
Public works	1,497,157	465	295,925	1,793,547
Health and welfare	185,798	-	-	185,798
Culture and recreation	1,447,300	-	340,351	1,787,651
Economic development	50,000	-	273,811	323,811
Capital outlay	280,006	527,696	156,427	964,129
Debt service:				
Principal	462,348	240,000	169,716	872,064
Interest and fiscal charges	88,938	205,820	223,613	518,371
Total expenditures	16,304,918	981,034	1,459,843	18,745,795
Excess (deficiency) of revenues over (under) expenditures	1,034,428	(953,800)	327,491	408,119
Other financing sources (uses):				
Transfers in	182,573	750,841	4,121	937,535
Transfers out	(750,841)	-	(47,500)	(798,341)
Loan proceeds	135,810	-	-	135,810
Proceeds from sale of assets	6,227	-	-	6,227
Total other financing sources (uses)	(426,231)	750,841	(43,379)	281,231
Net change in fund balances	608,197	(202,959)	284,112	689,350
Fund balance - beginning	3,822,014	4,169,943	3,271,465	11,263,422
Fund balance - ending	\$ 4,430,211	\$ 3,966,984	\$ 3,555,577	\$ 11,952,772

The accompanying notes are an integral part of these financial statements.

CITY OF MATTOON, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the year ended April 30, 2014

Net change in fund balances	\$ 689,350
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 depreciation exceeded capital outlay in the current period.	(434,931)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.	(5,196)
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.	18,876
The Statement of Activities amortizes the advance refunding of debt charges. The effect is to decrease net position in the current year.	(5,405)
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 position. Also, governmental funds report the effect of 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.	741,650
Certain expenses in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in government funds.	<u>(1,366,149)</u>
Change in net position of governmental activities	<u><u>\$ (361,805)</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF MATTOON, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 928,527	\$ 2,387,163	\$ 3,315,690	\$ 563,530
Receivables	412,273	547,199	959,472	2,280
Due from other funds	9,747	15,243	24,990	-
Prepaid items	-	6,250	6,250	123,966
Restricted assets:				
Cash and cash equivalents	119,260	-	119,260	6,813
Total current assets	<u>1,469,807</u>	<u>2,955,855</u>	<u>4,425,662</u>	<u>696,589</u>
Noncurrent assets:				
Capital assets:				
Land	378,724	208,431	587,155	-
Buildings and building improvements	12,178,906	1,109,855	13,288,761	-
Improvements other than buildings	204,624	11,003	215,627	-
Treatment, collection and distribution systems	12,905,648	38,695,628	51,601,276	-
Equipment, furniture and vehicles	1,939,611	1,784,432	3,724,043	-
Construction in progress	88,625	1,009,269	1,097,894	-
Less: accumulated depreciation	<u>(11,641,750)</u>	<u>(21,718,361)</u>	<u>(33,360,111)</u>	<u>-</u>
Total noncurrent assets	<u>16,054,388</u>	<u>21,100,257</u>	<u>37,154,645</u>	<u>-</u>
Total assets	17,524,195	24,056,112	41,580,307	696,589
Deferred outflows of resources:				
Advance refunding on debt charges	48,463	38,897	87,360	-
Combined assets and deferred outflows of resources	<u>\$ 17,572,658</u>	<u>\$ 24,095,009</u>	<u>\$ 41,667,667</u>	<u>\$ 696,589</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MATTOON, ILLINOIS

STATEMENT OF NET POSITION (Continued)
 PROPRIETARY FUNDS

April 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Liabilities:				
Current liabilities:				
Accounts payable	\$ 68,260	\$ 266,302	\$ 334,562	\$ 160,619
Payroll liabilities payable	42,404	40,607	83,011	-
Accrued interest	48,224	56,567	104,791	-
Due to other funds	-	-	-	84,294
Due to component unit	-	-	-	1,456
Compensated absences payable - current	29,340	17,113	46,453	-
General obligation bonds - current	585,000	360,000	945,000	-
Notes payable - current	506,996	553,888	1,060,884	-
Payable from restricted assets:				
Other payables	119,260	-	119,260	6,326
Total current liabilities	<u>1,399,484</u>	<u>1,294,477</u>	<u>2,693,961</u>	<u>252,695</u>
Noncurrent liabilities:				
Long-term debt payable:				
General obligation bonds payable (net of unamortized discounts and premiums)	615,842	1,182,007	1,797,849	-
Notes payable	2,832,445	4,990,404	7,822,849	-
Compensated absences payable	117,359	68,455	185,814	-
Post-employment healthcare benefits obligation	682,971	706,203	1,389,174	-
Total noncurrent liabilities	<u>4,248,617</u>	<u>6,947,069</u>	<u>11,195,686</u>	<u>-</u>
Total liabilities	<u>5,648,101</u>	<u>8,241,546</u>	<u>13,889,647</u>	<u>252,695</u>
Net position:				
Net investment in capital assets	12,023,886	14,397,696	26,421,582	-
Unrestricted	(99,329)	1,455,767	1,356,438	443,894
Total net position	<u>\$ 11,924,557</u>	<u>\$ 15,853,463</u>	<u>\$ 27,778,020</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 POSITION
PROPRIETARY FUNDS

For the Year Ended April 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Operating revenues:				
Charges for services	\$ 3,744,583	\$ 4,436,844	\$ 8,181,427	\$ -
Fund charges and employee contributions	-	-	-	4,119,941
Miscellaneous operating revenues	-	-	-	97,857
Total operating revenues	<u>3,744,583</u>	<u>4,436,844</u>	<u>8,181,427</u>	<u>4,217,798</u>
Operating expenses:				
Reservoirs and sources of supply	26,181	-	26,181	-
Water treatment plant	958,969	-	958,969	-
Water distribution	559,308	-	559,308	-
Sewer collection system	-	381,907	381,907	-
Sewer lift stations	-	50,140	50,140	-
Wastewater treatment plant	-	949,230	949,230	-
Accounting and collection	384,480	356,566	741,046	-
Administrative and general	581,884	646,284	1,228,168	181,460
Insurance	-	-	-	1,043,434
Health claims and uninsured judgments	-	-	-	2,992,906
Depreciation	672,217	1,046,258	1,718,475	-
Total operating expenses	<u>3,183,039</u>	<u>3,430,385</u>	<u>6,613,424</u>	<u>4,217,800</u>
Operating income (loss)	<u>561,544</u>	<u>1,006,459</u>	<u>1,568,003</u>	<u>(2)</u>
Nonoperating revenues (expenses):				
Investment income	7,878	1,811	9,689	2
Interest expense	(150,779)	(229,897)	(380,676)	-
Gain on sale of capital assets	9,398	1,196	10,594	-
Debt service costs	(2,080)	(1,011)	(3,091)	-
Total nonoperating revenues (expenses)	<u>(135,583)</u>	<u>(227,901)</u>	<u>(363,484)</u>	<u>2</u>
Income before transfers	425,961	778,558	1,204,519	-
Transfers out	<u>(48,283)</u>	<u>(90,911)</u>	<u>(139,194)</u>	<u>-</u>
Change in net position	377,678	687,647	1,065,325	-
Total net position - beginning	11,367,668	14,879,201	26,246,869	443,894
Prior period adjustments	<u>179,211</u>	<u>286,615</u>	<u>465,826</u>	<u>-</u>
Total net position - ending	<u>\$ 11,924,557</u>	<u>\$ 15,853,463</u>	<u>\$ 27,778,020</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, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 3,717,492	\$ 4,436,448	\$ 8,153,940	\$ -
Receipts from interfund services provided	-	-	-	3,652,690
Receipts from component units	-	-	-	66,870
Receipts from employees and retirees	-	-	-	643,996
Payments to employees	(957,401)	(909,300)	(1,866,701)	-
Payments to suppliers	(1,012,606)	(765,496)	(1,778,102)	(1,197,765)
Payments to claimants	-	-	-	(3,047,155)
Payments for interfund services used	(373,092)	(445,227)	(818,319)	-
Other receipts	-	-	-	122,900
Net cash provided by operating activities	<u>1,374,393</u>	<u>2,316,425</u>	<u>3,690,818</u>	<u>241,536</u>
Cash flows from noncapital financing activities:				
Transfers out	(48,283)	(90,911)	(139,194)	-
Loan repayments from other funds, net	1,003,232	1,194,813	2,198,045	258,844
Net cash provided for noncapital financing activities	<u>954,949</u>	<u>1,103,902</u>	<u>2,058,851</u>	<u>258,844</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(278,552)	(1,126,756)	(1,405,308)	-
Principal payments on debt	(1,063,015)	(884,403)	(1,947,418)	-
Interest and fiscal charges	(141,888)	(231,242)	(373,130)	-
Proceeds from sale of assets	9,398	1,196	10,594	-
Net cash (used) for capital and related financing activities	<u>(1,474,057)</u>	<u>(2,241,205)</u>	<u>(3,715,262)</u>	<u>-</u>
Cash flows from investing activities:				
Investment income received (net of expense)	7,878	1,811	9,689	2
Net cash provided by investing activities	<u>7,878</u>	<u>1,811</u>	<u>9,689</u>	<u>2</u>
Net increase in cash	863,163	1,180,933	2,044,096	500,382
Cash, restricted and unrestricted - beginning	<u>184,624</u>	<u>1,206,230</u>	<u>1,390,854</u>	<u>69,961</u>
Cash, restricted and unrestricted - ending	<u>\$ 1,047,787</u>	<u>\$ 2,387,163</u>	<u>\$ 3,434,950</u>	<u>\$ 570,343</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, 2014

	<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>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 561,544	\$ 1,006,459	\$ 1,568,003	\$ (2)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	672,217	1,046,258	1,718,475	-
(Increase) decrease in assets:			-	
(Increase) decrease in receivables	(1,701)	(396)	(2,097)	25,106
(Increase) decrease in due from other funds	(3,253)	(4,649)	(7,902)	177,289
Decrease in prepaid items	-	-	-	8,765
Increase (decrease) in liabilities:				
Increase (decrease) in accounts payable	(3,086)	126,329	123,243	(37,596)
Increase (decrease) in payroll liabilities payable	8,525	(2,904)	5,621	-
Increase (decrease) in due to other funds	(11,797)	(13,614)	(25,411)	67,116
(Decrease) in due to component units	-	-	-	(790)
(Decrease) in unavailable revenue	(24,950)	-	(24,950)	-
Increase in compensated absences payable	22,745	13,844	36,589	-
Increase in other post-employment benefits payable	154,589	145,098	299,687	-
Increase (decrease) in other payables	(440)	-	(440)	1,648
Net cash provided by operating activities	<u>\$ 1,374,393</u>	<u>\$ 2,316,425</u>	<u>\$ 3,690,818</u>	<u>\$ 241,536</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MATTOON, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY COMPONENT UNITS

April 30, 2014

	Pension Component Units
Assets:	
Cash	\$ 2,866,257
Interest receivable	115,241
Prepaid expenses	2,343
Due from primary government	148,388
Total assets other than investments	3,132,229
Investments, at fair value:	
U.S. government obligations	9,027,398
Insurance contracts	20,252,890
Stocks	334,381
Total investments	29,614,669
Total assets	32,746,898
Liabilities:	
Accounts payable	9,467
Pensions payable	181,127
Total liabilities	190,594
Net Position:	
Held in trust for pension benefits (a schedule of funding progress is presented on pages 80-81)	\$ 32,556,304

The accompanying notes are an integral part of these financial statements.

CITY OF MATTOON, ILLINOIS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY COMPONENT UNITS

For the year ended April 30, 2014

	<u>Pension Component Units</u>
Additions:	
Contributions:	
Employer	\$ 2,771,468
Plan members	<u>426,368</u>
Total contributions	<u>3,197,836</u>
Investment income:	
Interest income	461,581
Dividend income	3,452
Net increase in fair value of investments	<u>1,851,344</u>
Net investment income	<u>2,316,377</u>
Total additions	<u>5,514,213</u>
Deductions:	
Benefits and refunds of contributions	3,853,831
Administrative expenses	<u>57,135</u>
Total deductions	<u>3,910,966</u>
Change in net position	1,603,247
Net position held in trust - beginning	<u>30,953,057</u>
Net position held in trust - ending	<u><u>\$ 32,556,304</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
For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL 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 U.S. 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, financial accountability is 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 position. 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 and a note issued for construction and improvements of the Library and for an early retirement incentive for a Library employee. 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 position statements.

JOINT VENTURE

The Mattoon Police Department, which is a department within the City of Mattoon, is a participant with the Illinois State Police, the Charleston Police Department, the Arcola Police Department, the Eastern Illinois University Police Department, the Coles County Sheriff's Department, and the Douglas County Sheriff's Department in a joint venture known as the East Central Illinois Task Force (Task Force). This authority was created to provide citizens of each jurisdiction the most effective drug law enforcement protection against those who engage in actions detrimental to the public safety. In the event of dissolution of the Task Force, all Task Force property obtained through grants from the Illinois Criminal Justice Information Authority shall be disposed of consistent with the current property management or disposition guidelines issued by the Authority's Office of Federal Assistance Programs. All non-grant Task Force property, inventory, and all existing or currently pending forfeited assets will be distributed between the current participants.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

JOINT VENTURE (Continued)

The East Central Illinois Task Force is governed by a Board of Directors which consists of the Sheriff or Chief (as the case may be) of each participating agency and the Zone Commander of the Illinois State Police. Each agency assigns, commissions, or funds a full-time police officer to the Task Force except the Arcola Police Department, which commissions a peace officer for employment by the Task Force. The officers remain employees of the agencies from which they were appointed for payroll purposes with the exception of the personnel from the Arcola Police Department. The City of Mattoon is the fiduciary agency for the Task Force, passing a federal grant through to the Task Force and providing oversight. Complete financial statements for the East Central Illinois Task Force can be obtained from the Mattoon Police Department at 1710 Wabash Avenue, Mattoon, Illinois 61938.

NEW ACCOUNTING PRONOUNCEMENTS

In 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. In addition, the City implemented GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The majority of interfund activity has been removed from these statements. However, transactions among City funds that would be treated as revenues and expenditures or if they involved organizations external to City government are accounted for as revenues and expenditures 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 position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 included among program revenues are reported instead as general revenues.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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.

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 position, 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).

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:

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 (Continued)

For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

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.).

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.).

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.).

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.).

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

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.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPRIETARY FUNDS (Continued)

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.

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.

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 from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Revenues from taxes or assessments on exchange transactions (sales taxes, utility taxes) are recognized when the underlying exchange transaction occurs. Revenues from shared nonexchange transactions (state income taxes, motor fuel taxes, replacement taxes) are also recognized in the period when the underlying transaction occurs, provided the state is required to share the revenues under act of law. Property taxes are recognized as revenues in the year in which they are budgeted to be used. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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, including revenues from taxes or assessments on exchange transactions (sales taxes, utility taxes) and shared nonexchange transactions (state income taxes, motor fuel taxes, replacement taxes). 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. Property taxes are recognized as revenues in the year in which they are levied as long as they meet the measurable and available criteria. Expenditures generally are recognized when the related fund liability is incurred, with the exception of principal and interest payments on general long-term debt which are recognized as liabilities when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. In addition to liabilities, the statement of net position and the governmental funds balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of resources that applies to a future period and is not recognized as an inflow of resources or revenue until that time.

Unavailable revenues included under the liabilities section of the statement of net position and the governmental funds balance sheet arise when resources are received prior to the City of Mattoon having a legal claim to them.

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 2012 tax extension to the City on June 28, 2013, July 31, 2013, October 4, 2013, and November 20, 2013. The City Council adopted the 2013 tax levy (receivable in calendar year 2014) on December 17, 2013. The 2013 property tax levy is a deferred inflow of resources in the governmental funds statements and government-wide statements, since the levy is intended to finance fiscal year 2015 expenditures. Property tax revenues recorded in these financial statements are from the 2012 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.

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 Mattoon Firefighters Pension Fund and Mattoon Police Pension Fund are reported as "net increase (decrease) in fair value of investments."

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEPOSITS AND INVESTMENTS (Continued)

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.

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes receivable and water and sewer customer receivables have been adjusted for estimated uncollectible accounts. No allowance for uncollectibles is considered necessary at year-end. Ambulance billing receivables are shown net of the allowance for uncollectible accounts. The allowance for uncollectible accounts is based on historical collection experience. If actual defaults are higher than the historical experience, management's estimate of the recoverability of amounts due the City could be adversely affected.

INVENTORY 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. Prepaid items, as reported in the fund financial statements, are offset by a nonspendable fund balance in the applicable governmental funds.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Property	Threshold
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:

Property	Years
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

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.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position. Bond premiums and discounts, if applicable, are 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, if applicable. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, bond issuance costs, and refunding charges 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. Charges related to refunding bonds are reported as other financing uses.

FUND BALANCES

Governmental fund equity is classified as fund balance. Fund balance is assets less liabilities and deferred inflows of resources 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 and Revolving Loan Fund present nonspendable fund balances because the amounts are not in spendable form. The Governmental Component Unit (Mattoon Public Library) presents a nonspendable fund balance because it is required to be maintained intact.

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 restricted fund balances: Motor Fuel Tax Fund – restricted for public works, Hotel and Motel Tax Fund – restricted for culture and recreation, Home Rehabilitation Grant Fund, Revolving Loan Fund, Midtown TIF District Fund, I-57 East TIF District Fund, South Rt 45 TIF District Fund, South Rt 45 Business District Fund, Broadway East TIF District Fund, Broadway East Business District Fund, and I-57 East Business District Fund – restricted for economic development.

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 Mattoon City Council can establish committed fund balances by adopting ordinances for such purposes. The General Fund and Capital Projects Fund present committed fund balances for capital outlay and the demolition of dilapidated structures.

Assigned Fund Balance – The portion of a governmental fund’s fund balance denoting a government’s intended use of resources. The Mattoon City Council is authorized to assign amounts to a specific purpose. The General Fund presents an assigned fund balance for culture and recreation.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND BALANCES (Continued)

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.

When an expenditure is incurred for which resources are available from multiple types of fund balance, it is the City’s policy to first apply restricted resources, then committed fund balances, followed by assigned fund balances, and finally unassigned fund balances.

NET POSITION

In the government-wide and proprietary fund financial statements, net position represents the difference between combined assets and deferred outflows of resources and combined liabilities and deferred inflows of resources. Net positions are displayed in three categories:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The governmental activities column on the statement of net position reports a restricted amount of \$3,676,383 of which \$1,696,555 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 expense is incurred for which both restricted and unrestricted resources are available.

BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis in accordance with U.S. generally accepted accounting principles. The budget was passed on April 16, 2013, and amendments were approved on October 1, 2013, and April 15, 2014.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows 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 (Continued)
For the Year Ended April 30, 2014

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 Position

The reconciliation of total governmental fund balances to net position of governmental activities includes a reconciliation between "total fund balances, governmental funds" and "net position 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	\$ (9,700,000)
Plus: bond premium (to be amortized as interest expense)	(72,556)
Accrued interest payable	(208,498)
Capital leases payable	(413,670)
Notes payable	(1,357,221)
Compensated absences payable	(966,650)
Net pension obligation	(674,271)
Post-employment healthcare benefits obligation	<u>(5,354,578)</u>
 Net adjustment to reduce "total fund balances, governmental funds" to arrive at "net position of governmental activities"	 <u><u>\$ (18,747,444)</u></u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

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 position 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	\$ 964,129
Depreciation	<u>(1,399,060)</u>
Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	<u>\$ (434,931)</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 decrease net position." The details of the reconciling amounts are as follows:

Gain from capital assets sold	\$ 1,031
Proceeds from sale of assets	<u>(6,227)</u>
Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	<u>\$ (5,196)</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued; whereas, these amounts are amortized in the statement of activities." The details of the reconciling amount are as follows:

Principal repayments:	
General obligation bonds	\$ 730,000
Capital leases	40,609
Notes payable	101,455
Loan proceeds	(135,810)
Amortization of bond premium	5,396
Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	\$ 741,650

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	\$ (880)
Accrued interest	14,979
Net pension obligation	(380,979)
Post employment healthcare benefits obligation	(999,269)
Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	\$ (1,366,149)

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

3 DEPOSITS AND INVESTMENTS

A. DEPOSITS

At April 30, 2014, the carrying amount of the primary government's deposits was \$9,020,873 and the bank balance was \$8,995,942. The governmental component unit (Mattoon Public Library) had deposits with a carrying amount of \$21,187 and bank balances totaling \$31,628. The fiduciary component units had deposits with a carrying amount of \$2,866,257 and bank balances totaling \$2,871,370. The primary government and governmental component unit (Mattoon Public Library) had cash on hand of \$730 and \$215, 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 City's cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The government does not have a deposit policy for custodial credit risk. At April 30, 2014, deposits at First Mid Illinois Bank & Trust and Prairie State Bank & Trust were not fully insured and collateralized by the financial institutions. The City's cash balance at First Mid Illinois Bank & Trust totaled \$6,760,107. However, \$6,081,418 of that amount was collateralized, leaving \$428,690 uncollateralized and uninsured. At April 30, 2014, deposits at Prairie State Bank & Trust totaled \$2,227,053. However, the uninsured portion of this balance was fully collateralized by securities pledged by the financial institution.

B. INVESTMENTS

At April 30, 2014, the City's primary government had the following investments:

Investment Type	Fair Value	Average Credit Rating	Weighted Average Maturity (Years)
Illinois Funds Money Market Fund	<u>\$ 5,240,779</u>	AAAm	Demand *

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

At April 30, 2014, the City's governmental component unit (Mattoon Public Library) had the following investment:

Investment Type	Fair Value	Average Credit Rating	Weighted Average Maturity (Years)
Investment pool - Southeastern Illinois Community Foundation	<u>\$ 36,552</u>	N/A	N/A

At April 30, 2014, the City's fiduciary component units had the following investments:

Investment Type	Fair Value	Average Credit Rating	Weighted Average Maturity (Years)
U.S. government obligations	\$ 9,027,398	AA+/AAA	21.57
Insurance contracts	20,252,890	A/A2	N/A
Common stock	<u>334,381</u>	N/A	N/A
Total	<u>\$ 29,614,669</u>		

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

3 DEPOSITS AND INVESTMENTS (Continued)

THE ILLINOIS FUNDS MONEY MARKET FUND

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

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.

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 (Continued)
For the Year Ended April 30, 2014

3 DEPOSITS AND 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'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 sixty-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 (7.06%), the Federal National Mortgage Association (16.89%), and AIG Annuity Insurance Company annuities (23.68%), and ING Life Insurance annuities (34.36%).

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

	Primary Government	Governmental- Type Component Unit (Mattoon Public Library)	Fiduciary-Type Component Unit (Pensions)
Deposits, investments, and cash on hand per notes:			
Deposits	\$ 9,020,873	\$ 21,187	\$ 2,866,257
Investments	5,240,779	36,552	29,614,669
Cash on hand	730	215	-
	<u>\$ 14,262,382</u>	<u>\$ 57,954</u>	<u>\$ 32,480,926</u>
Total deposits, investments and cash on hand			
	<u>\$ 14,262,382</u>	<u>\$ 57,954</u>	<u>\$ 32,480,926</u>
Cash, certificates of deposit and investments per statements:			
Cash and cash equivalents	\$ 13,842,534	\$ 21,402	\$ 2,866,257
Investments	-	11,552	29,614,669
Restricted assets:			
Cash and cash equivalents	411,129	-	-
Certificates of deposit	8,719	-	-
Investments, at fair value	-	25,000	-
	<u>\$ 14,262,382</u>	<u>\$ 57,954</u>	<u>\$ 32,480,926</u>
Total cash and cash equivalents, certificates of deposit and investments			
	<u>\$ 14,262,382</u>	<u>\$ 57,954</u>	<u>\$ 32,480,926</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

4 RECEIVABLES

Receivables balances as of April 30, 2014, for the primary government were as follows:

	Governmental Activities				
	Governmental Funds			Proprietary Funds	Totals
	General Fund	Capital Projects Fund	Other Governmental Funds	Internal Service Funds	
Property taxes	\$ 4,139,000	\$ -	\$ -	\$ -	\$ 4,139,000
TIF property tax increment	-	-	401,248	-	401,248
Business district taxes	-	-	98,041	-	98,041
Utility taxes	120,553	-	-	-	120,553
Telecommunications taxes	192,171	-	-	-	192,171
Income and use taxes	719,419	-	-	-	719,419
Sales taxes	1,465,399	-	-	-	1,465,399
Personal property replacement taxes	87,777	-	-	-	87,777
Motor fuel taxes	-	-	113,639	-	113,639
Other taxes	32,532	-	97,571	-	130,103
Grants	3,017	-	-	-	3,017
Ambulance billing	88,757	-	-	-	88,757
Other receivables	84,684	-	89,549	2,280	176,513
Totals	\$ 6,933,309	\$ -	\$ 800,048	\$ 2,280	\$ 7,735,637

The ambulance billing receivable has been reduced by an allowance for uncollectible accounts of \$177,498.

	Business-Type Activities		
	Proprietary Funds		
	Water Fund	Sewer Fund	Totals
Customer receivables	\$ 410,445	\$ 545,424	\$ 955,869
Other receivables	1,828	1,775	3,603
Totals	\$ 412,273	\$ 547,199	\$ 959,472

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

5 SCHEDULE OF PAYABLES AND RECEIVABLES WITHIN THE REPORTING ENTITY

Payables and receivables between funds consisted of the following at April 30, 2014:

<u>Due to/from Other funds</u>		
Fund	Receivable	Payable
Governmental Funds:		
General Fund	\$ 131,092	\$ 111,403
Capital Projects Fund	111,403	-
Other Governmental Funds		
Hotel and Motel Tax Fund	176	66,596
Revolving Loan Fund	-	5,368
Total other governmental funds	176	71,964
Total governmental funds	242,671	183,367
Proprietary Funds:		
Enterprise Funds:		
Water Fund	9,747	-
Sewer Fund	15,243	-
Total Enterprise Funds	24,990	-
Internal Service Funds:		
Health Insurance Fund	-	19,015
Insurance and Tort Judgment Fund	-	65,279
Total Internal Service Funds	-	84,294
Total Proprietary Funds	24,990	84,294
Due To/From Other Funds	\$ 267,661	\$ 267,661

The amount receivable to the General Fund from the Revolving Loan Fund is the reimbursement of an expenditure of the Revolving Loan Fund paid for by the General Fund. The amount receivable to the General Fund from the Hotel and Motel Tax Fund is to cover a negative cash balance in the pooled account. The amount receivable to the Capital Projects Fund from the General Fund consists of the transfer of one-half of the sales tax increase earmarked for capital projects. The amounts receivable to the General Fund, Hotel and Motel Tax Fund, Water Fund and Sewer Fund from the Health Insurance Fund and Insurance and Tort Judgment Fund are for overpayment of charges for services.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

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, 2014:

Due between primary government and component units

Fund	Receivable	Payable
Primary Government:		
Governmental Fund:		
General Fund	\$ 52,497	\$ 157,308
Proprietary Funds:		
Internal Service Funds:		
Health Insurance Fund	-	350
Insurance and Tort Judgment Fund	-	1,106
Total Internal Service Funds	-	1,456
Total Primary Government	52,497	158,764
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	10,376	52,497
Fiduciary Component Units:		
Mattoon Firefighters Pension Fund	93,382	-
Mattoon Police Pension Fund	55,006	-
Total Fiduciary Component Units	148,388	-
Total Component Units	158,764	52,497
Due between primary government and component units	\$ 211,261	\$ 211,261

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 part of amount receivable to the Mattoon Public Library component unit includes overpayments of charges from the Health Insurance Fund and the Insurance and Tort Judgment Fund. The remaining receivable to the Mattoon Public Library component unit is for the transfer of personal property replacement tax from the General Fund. The amount receivable to the Mattoon Firefighters Pension Fund and Mattoon Police Pension Fund includes transfer of personal property replacement taxes and video gaming taxes from the General Fund.

Advance between primary government and component units

Fund	Receivable	Payable
Primary Government:		
Governmental Funds:		
General Fund	\$ 81,176	\$ -
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	-	81,176
Advance between primary government and component units	\$ 81,176	\$ 81,176

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

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

6 CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2014, was as follows:

	<u>Balance</u> <u>April 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2014</u>
Primary government:				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,199,747	\$ -	\$ -	\$ 3,199,747
Construction in progress	144,059	269,142	41,610	371,593
Total capital assets not being depreciated	<u>3,343,806</u>	<u>269,142</u>	<u>41,610</u>	<u>3,571,340</u>
Capital assets being depreciated:				
Building and improvements	10,009,660	118,631	-	10,128,291
Less: Accumulated depreciation	<u>(2,690,529)</u>	<u>(230,893)</u>	<u>-</u>	<u>(2,921,422)</u>
Buildings and improvements, net	<u>7,319,131</u>	<u>(112,262)</u>	<u>-</u>	<u>7,206,869</u>
Infrastructure	59,588,280	231,820	-	59,820,100
Less: Accumulated depreciation	<u>(47,501,940)</u>	<u>(826,755)</u>	<u>-</u>	<u>(48,328,695)</u>
Infrastructure, net	<u>12,086,340</u>	<u>(594,935)</u>	<u>-</u>	<u>11,491,405</u>
Improvements other than building	3,526,797	80,710	-	3,607,507
Less: Accumulated depreciation	<u>(170,628)</u>	<u>(139,967)</u>	<u>-</u>	<u>(310,595)</u>
Improvements other than building, net	<u>3,356,169</u>	<u>(59,257)</u>	<u>-</u>	<u>3,296,912</u>
Equipment, furniture and vehicles	6,229,966	305,435	335,456	6,199,945
Less: Accumulated depreciation	<u>(5,585,401)</u>	<u>(201,445)</u>	<u>(330,260)</u>	<u>(5,456,586)</u>
Equipment, furniture and vehicles, net	<u>644,565</u>	<u>103,990</u>	<u>5,196</u>	<u>743,359</u>
Total capital assets being depreciated, net	<u>23,406,205</u>	<u>(662,464)</u>	<u>5,196</u>	<u>22,738,545</u>
Total governmental activities, capital assets, net	<u>\$ 26,750,011</u>	<u>\$ (393,322)</u>	<u>\$ 46,806</u>	<u>\$ 26,309,885</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

6 CAPITAL ASSETS (Continued)

Capital asset activity for the year ended April 30, 2014, was as follows: (continued)

	<u>Balance April 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2014</u>
Primary government (continued):				
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 587,155	\$ -	\$ -	\$ 587,155
Construction in progress	<u>395,353</u>	<u>767,968</u>	<u>65,427</u>	<u>1,097,894</u>
Total capital assets not being depreciated	<u>982,508</u>	<u>767,968</u>	<u>65,427</u>	<u>1,685,049</u>
Capital assets being depreciated:				
Building and improvements	12,903,657	385,104	-	13,288,761
Less: Accumulated depreciation	<u>(4,975,487)</u>	<u>(278,941)</u>	<u>-</u>	<u>(5,254,428)</u>
Buildings and improvements, net	<u>7,928,170</u>	<u>106,163</u>	<u>-</u>	<u>8,034,333</u>
Improvements other than building	215,027	600	-	215,627
Less: Accumulated depreciation	<u>(143,438)</u>	<u>(5,928)</u>	<u>-</u>	<u>(149,366)</u>
Improvements other than building, net	<u>71,589</u>	<u>(5,328)</u>	<u>-</u>	<u>66,261</u>
Treatment, collection, and distribution systems	51,601,276	-	-	51,601,276
Less: Accumulated depreciation	<u>(24,401,792)</u>	<u>(1,150,603)</u>	<u>-</u>	<u>(25,552,395)</u>
Treatment, collection, and distribution systems, net	<u>27,199,484</u>	<u>(1,150,603)</u>	<u>-</u>	<u>26,048,881</u>
Equipment, furniture and vehicles	3,446,057	317,062	39,076	3,724,043
Less: Accumulated depreciation	<u>(2,159,995)</u>	<u>(283,003)</u>	<u>(39,076)</u>	<u>(2,403,922)</u>
Equipment, furniture and vehicles, net	<u>1,286,062</u>	<u>34,059</u>	<u>-</u>	<u>1,320,121</u>
Total capital assets being depreciated, net	<u>36,485,305</u>	<u>(1,015,709)</u>	<u>-</u>	<u>35,469,596</u>
Total business-type activities, capital assets, net	<u>\$ 37,467,813</u>	<u>\$ (247,741)</u>	<u>\$ 65,427</u>	<u>\$ 37,154,645</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

6 CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 203,578
Public safety	143,807
Public works	962,083
Culture and recreation	84,107
Health and welfare	5,485
Governmental activities, depreciation expense	<u>\$ 1,399,060</u>

Business-type activities:

Water	\$ 672,217
Sewer	1,046,258
Business-type activities, depreciation expense	<u>\$ 1,718,475</u>

Analysis of changes in component unit capital assets:

Component unit (Mattoon Public Library):

Governmental activities:

Capital assets being depreciated:

Building and improvements	\$ 2,810,962	\$ -	\$ -	\$ 2,810,962
Less: Accumulated depreciation	(935,605)	(56,219)	-	(991,824)
Buildings and improvements, net	<u>1,875,357</u>	<u>(56,219)</u>	<u>-</u>	<u>1,819,138</u>
Equipment, furniture and vehicles	126,952	-	-	126,952
Less: Accumulated depreciation	(68,436)	(12,655)	-	(81,091)
Equipment, furniture and vehicles, net	<u>58,516</u>	<u>(12,655)</u>	<u>-</u>	<u>45,861</u>
Component unit, capital assets, net	<u>\$ 1,933,873</u>	<u>\$ (68,874)</u>	<u>\$ -</u>	<u>\$ 1,864,999</u>

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

Governmental activities:
Mattoon Public Library

\$ 68,874

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

7 CONSTRUCTION IN PROGRESS

The City has active construction projects in progress as of April 30, 2014. The projects include new playground equipment at Peterson Park, construction of the public works building, the construction of a drainage project, the development of a Civil War Memorial, connection of the City's bike trail to the Douglas Hart Nature Center, and construction projects at the Burgess-Osborne Memorial Auditorium. The renovation of the lake dam has been delayed until fiscal year 2016 due to budgetary constraints. However, amounts that have been spent to date will be applicable when construction resumes. At April 30, 2014, the City's construction in progress is as follows:

Project:	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Primary government:		
Governmental activities:		
Bike Trail	\$ 217	\$ 62,000
Burgess-Osborne Auditorium	13,636	50,364
Camp Grant - Civil War Memorial	2,622	7,378
Peterson Park Playground	95,206	967
Public Works Building	114,996	2,885,004
South Side Drainage Project - Phase III	144,916	455,000
Total governmental activities	<u>\$ 371,593</u>	<u>\$ 3,460,713</u>
Business-type activities:		
CSO/Long Term Control Plan	\$ 1,009,269	\$ 18,990,731
Lake Paradise Dam Renovation	88,625	86,375
Total business-type activities	<u>\$ 1,097,894</u>	<u>\$ 19,077,106</u>

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, 2013	\$ 39,473
Less: cost of crypts sold	<u>-</u>
Mausoleum carrying value, April 30, 2014	39,473
Land held for future expansion, estimated carrying value, April 30, 2014	<u>21,179</u>
Total	<u>\$ 60,652</u>

CITY OF MATTOON, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Year Ended April 30, 2014

9 DEFERRED OUTFLOWS OF RESOURCES

For governmental activities, deferred outflows of resources consists of advance refunding of debt charges with an original amount of \$75,676 less accumulated amortization of \$50,451. For business-type activities, deferred outflows of resources consists of advance refunding of debt charges with an original amount of \$267,142 less accumulated amortization of \$179,782. Amortization of advance refunding of debt charges for the year ended April 30, 2014, was \$5,405 for governmental activities and \$42,916 for business-type activities.

10 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.

11 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.

12 SHORT-TERM DEBT

The City issued a short-term loan to the Mattoon Public Library, a component unit, during fiscal year 2013 to provide funding for operating expenses. The Library reports this amount as part of the due to primary government balance.

	Balance April 30, 2013	Additions	Deletions	Balance April 30, 2014
Component unit (Mattoon Public Library):				
Governmental activities:				
Short-term loan from the City of Mattoon	\$ 80,000	\$ 40,000	\$ (80,000)	\$ 40,000

13 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:

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

13 GENERAL OBLIGATION BONDS (Continued)

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:			
Series 2009A	December 2028	1.50% - 4.35%	\$ 5,255,000
Series 2009B (Taxable)	December 2028	4.00% - 5.70%	3,590,000
Governmental activities - refunding:			
Series 2005B	January 2019	2.50% - 4.05%	<u>855,000</u>
Total governmental activities bonds			<u>\$ 9,700,000</u>
		<u>Interest Rates</u>	<u>Amount</u>
Business-type activities - refunding:			
Series 2005A	January 2018	2.50% - 4.00%	\$ 1,535,000
Series 2011	December 2015	2.00%	<u>1,185,000</u>
Total business-type activities bonds			<u>\$ 2,720,000</u>

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

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

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	640,000	351,891	410,000	16,400
2019	670,000	327,851	-	-
2020-2024	2,845,000	1,295,349	-	-
2025-2029	<u>3,795,000</u>	<u>574,633</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,700,000</u>	<u>\$ 3,732,280</u>	<u>\$ 2,720,000</u>	<u>\$ 188,570</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

14 CAPITAL LEASES

Previously, the City entered into a lease agreement 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 asset acquired through the current capital lease is as follows:

Description	Governmental Activities
Fire truck	\$ 748,078
Less: Accumulated depreciation	(748,078)
	\$ -

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2014, were as follows:

Years Ending April 30,	Governmental Activities
2015	\$ 64,452
2016	64,452
2017	64,452
2018	64,452
2019	64,452
2020-2024	193,357
Total minimum lease payments	515,617
Less: amount representing interest	(101,947)
Present value of minimum lease payments	\$ 413,670

15 NOTES PAYABLE

The City has issued various notes as follows:

Governmental activities:

	Maturity Date	Interest Rates	Amount
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	December 2020	2.490%	\$ 593,384
First Mid-Illinois Bank & Trust note, serviced by the South Rt 45 TIF Fund, proceeds used to fund business development along South Rt 45	November 2019	5.500%	628,027

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

15 NOTES PAYABLE (Continued)

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
Prairie State Bank & Trust note, serviced by the General Fund, proceeds used to purchase Tymco Regenerative Air Sweeper	August 2018	1.885%	<u>135,810</u>
Total governmental activities notes			<u>\$ 1,357,221</u>

Business-type activities:

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
Illinois Environmental Protection Agency note, serviced by the Water Fund, proceeds used for construction of a new water treatment plant	November 2019	2.865%	\$ 2,861,217
First Mid-Illinois Bank & Trust note, serviced by the Water Fund, proceeds used to fund early retirement incentives and energy efficient improvements	December 2020	2.490%	478,225
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for sewer wastewater treatment plant rehabilitation	January 2018	2.865%	132,302
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for expansion of the sewer wastewater treatment plant	August 2023	2.675%	5,032,886
First Mid-Illinois Bank & Trust note, serviced by the Sewer Fund, proceeds used to fund early retirement incentives and energy efficient improvements	December 2020	2.490%	<u>379,104</u>
Total business-type activities notes			<u>\$ 8,883,734</u>

Notes payable debt service requirements to maturity are as follows:

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 130,883	\$ 51,877	\$ 1,060,884	\$ 235,226
2016	134,769	47,991	1,090,137	205,973
2017	138,762	43,998	1,120,157	175,954
2018	142,956	39,804	1,151,091	145,020
2019	147,265	35,495	1,147,342	113,525
2020-2024	<u>662,586</u>	<u>33,297</u>	<u>3,314,123</u>	<u>193,824</u>
Total	<u>\$ 1,357,221</u>	<u>\$ 252,462</u>	<u>\$ 8,883,734</u>	<u>\$ 1,069,522</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

16 CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the primary government for the year ended April 30, 2014, was as follows:

	Balance April 30, 2013	Additions	Reductions	Balance April 30, 2014	Due Within One Year
Primary government:					
Governmental activities:					
General obligation bonds	\$ 10,430,000	\$ -	\$ 730,000	\$ 9,700,000	\$ 560,000
Add amounts:					
For issuance premiums	77,951	-	5,395	72,556	-
Total general obligation bonds	10,507,951	-	735,395	9,772,556	560,000
Capital leases	454,279	-	40,609	413,670	43,066
Notes payable	1,322,866	135,810	101,455	1,357,221	130,883
Compensated absences	965,770	880	-	966,650	193,330
Net pension obligation	293,292	380,979	-	674,271	N/A
Post-employment healthcare benefits	4,355,308	999,270	-	5,354,578	N/A
Governmental activities, long-term liabilities	<u>\$ 17,899,466</u>	<u>\$ 1,516,939</u>	<u>\$ 877,459</u>	<u>\$ 18,538,946</u>	<u>\$ 927,279</u>
Business-type activities:					
General obligation bonds	\$ 3,635,000	\$ -	\$ 915,000	\$ 2,720,000	\$ 945,000
Add amounts:					
For issuance premiums	35,320	-	12,472	22,848	-
Total general obligation bonds	3,670,320	-	927,472	2,742,848	945,000
Notes payable	9,916,151	-	1,032,417	8,883,734	1,060,884
Compensated absences	195,678	36,589	-	232,267	46,453
Post-employment healthcare benefits	1,089,487	299,687	-	1,389,174	N/A
Business-type activities, long-term liabilities	<u>\$ 14,871,636</u>	<u>\$ 336,276</u>	<u>\$ 1,959,889</u>	<u>\$ 13,248,023</u>	<u>\$ 2,052,337</u>
Component unit (Mattoon Public Library):					
Governmental activities:					
Compensated absences	\$ 18,474	\$ -	\$ 9,558	\$ 8,916	\$ 1,783
Component unit, long-term liabilities	<u>\$ 18,474</u>	<u>\$ -</u>	<u>\$ 9,558</u>	<u>\$ 8,916</u>	<u>\$ 1,783</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

17 DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources on the governmental funds balance sheet were as follows:

	General Fund	Other Governmental Funds
Property taxes	\$ 4,139,000	\$ 401,248
Sales and other related taxes	558,405	41,709
Income taxes	384,907	-
Service revenue	103,219	-
Totals	<u>\$ 5,185,531</u>	<u>\$ 442,957</u>

18 TAXES

Tax revenues during the year ended April 30, 2014, were as follows:

	General Fund	Other Governmental Funds
Property taxes	\$ 3,905,763	\$ -
TIF property tax increment	-	394,897
Telecommunication taxes	820,727	-
Utility taxes	1,344,855	-
Business district taxes	-	373,140
Road and bridge taxes	143,621	-
Hotel taxes	-	352,738
Cable TV franchise taxes	186,413	-
Gas and electric franchise taxes	190,881	-
Totals	<u>\$ 6,592,260</u>	<u>\$ 1,120,775</u>

19 INTERGOVERNMENTAL REVENUES

Intergovernmental revenues during the year ended April 30, 2014, were as follows:

	General Fund	Other Governmental Funds
Income and use taxes	\$ 2,133,024	\$ -
Sales taxes	5,985,840	-
Personal property replacement taxes	531,908	-
Video gaming tax	169,660	-
Pull tabs and jar games tax	4,500	-
Motor fuel taxes	-	616,946
Foreign fire insurance taxes	36,947	-
Operating grants and contributions	113,901	36,873
Totals	<u>\$ 8,975,780</u>	<u>\$ 653,819</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

20 COMPARATIVE SCHEDULE OF PROPERTY TAXES EXTENDED, COLLECTED, AND DISTRIBUTED

	For Tax Levy Year		
	2013	2012	2011
Assessed valuation	\$ 189,874,102	\$ 190,700,874	\$ 190,483,603
Rate per \$100, excluding road and bridge rate	2.11231	2.04930	2.00230
Taxes extended, excluding road and bridge taxes	4,010,730	3,908,109	3,814,129
Add: City's share of road and bridge taxes extended	147,395	146,934	141,702
Total taxes extended	<u>\$ 4,158,125</u>	<u>\$ 4,055,043</u>	<u>\$ 3,955,831</u>
Taxes available to City after abatements and losses in collection (2013 estimated)	<u>\$ 4,139,000</u>	<u>\$ 4,049,384</u>	<u>\$ 3,943,490</u>
Percentage of extension available to City (2013 estimated)	<u>99.54%</u>	<u>99.86%</u>	<u>99.69%</u>

	For Tax Levy Year		
	2013	2012	2011
Distribution of taxes available (2013 estimated):			
General fund:			
General government	\$ 704,000	\$ 614,229	\$ 559,750
Fire protection	284,000	284,586	284,837
Police protection	284,000	284,586	284,837
Street, including road & bridge	146,000	143,621	141,205
Park	142,000	142,293	142,418
Mattoon Public Library	435,000	436,367	436,753
Firefighters pension fund	1,040,000	1,121,389	1,148,807
Police Pension Fund	1,104,000	1,022,313	944,883
	<u>\$ 4,139,000</u>	<u>\$ 4,049,384</u>	<u>\$ 3,943,490</u>

The City Council has abated the 2011, 2012, and 2013 tax levies applicable to all outstanding general obligation bonds.

CITY OF MATTOON, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Year Ended April 30, 2014

21 SCHEDULE OF OPERATING TRANSFERS WITHIN THE REPORTING ENTITY

Operating transfers between funds during the year ended April 30, 2014, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water Fund	\$ 48,283
General Fund	Sewer Fund	90,911
General Fund	Hotel and Motel Tax Fund	47,500
South Rt. 45 TIF District Fund	South Rt. 45 Business District Fund	45,000
Motor Fuel Tax Fund	General Fund	4,121
Capital Projects Fund	General Fund	<u>750,841</u>
	Total	<u>\$ 986,656</u>

The first and second transfers allocated debt service requirements to the Water Fund and Sewer Funds. The third transfer transferred hotel taxes received to the General Fund for culture and recreation. The fourth transfer was for spending related to the South Route 45 TIF District Fund. The fifth transfer refunded amounts to the Motor Fuel Tax Fund from the General Fund per the Motor Fuel Tax audit findings for 2012. The sixth transfer reclassified amounts of one-half sales tax increase earmarked for capital projects.

22 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 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 (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy - As set by statute, the City Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City annual required contribution rate for calendar year 2013 was 14.41%. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - The required contribution for calendar year 2013 was \$524,974.

CITY OF MATTOON, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Year Ended April 30, 2014

22 DEFINED BENEFIT PENSION PLAN (Continued)

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$ 524,974	100%	\$ -
12/31/2012	545,024	100%	-
12/31/2011	542,290	88%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% 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% corridor between the actuarial and market value of assets. The City Regular plan's unfunded actuarial accrued liability at December 31, 2011 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, 2013, the most recent actuarial valuation date, the Regular plan was 82.21% funded. The actuarial accrued liability for benefits was \$12,860,458 and the actuarial value of assets was \$10,573,021, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,287,437. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$3,643,120 and the ratio of the UAAL to the covered payroll was 63%.

The schedule of funding progress, presented as required supplemental information (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 (Continued)
 For the Year Ended April 30, 2014

23 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. Separate financial statements are not issued for these pension plans.

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.

MEMBERSHIP

Membership of the plans consisted of the following at April 30, 2014:

	Police Pension	Firefighters Pension
Retirees and beneficiaries receiving benefits	45	52
Current employees:		
Vested	2	5
Nonvested	36	27
	83	84

BENEFIT PROVISIONS

Retirement – Police officers 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 on the last day of service or for one year prior to the last day, whichever is greater. 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 officers with at least 8 years but less than 20 years may retire at or after age 60 and receive a reduced retirement benefit. Firefighters age 50 or more with 20 years of creditable service are entitled to receive a monthly pension of ½ the monthly salary attached to the rank held at the date of retirement. The monthly pension shall be increased by 1/12 of 2.5% of such monthly salary for each month of over 20 years of service through 30 years to a maximum of 75% of such monthly salary. Firefighters with at least 10 but less than 20 years of creditable service may retire at or after age 60 and receive a reduced retirement benefit. Subject to certain restrictions, the monthly pension for both police officers and firefighters are increased by 3% of the originally granted pension in January of each year.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

23 DEFINED BENEFIT PENSION PLANS - POLICE AND FIREFIGHTERS (Continued)

BENEFIT PROVISIONS (Continued)

Disability – Police officers and firefighters physically or mentally disabled in the performance of an act of duty are entitled to a pension equal to the greatest of 65% of the salary attached to their rank held at the date of suspension of duty or retirement or the retirement pension that the police officer or firefighter would be eligible to receive if he or she retired. If the disability occurs while not in performance of an act of duty, the police officers or firefighters are entitled to a pension of 50% of the salary attached to their rank at the date of suspension of duty or retirement.

Survivors – Subject to certain requirements, surviving spouses of police officers and firefighters may receive up to 100% of the monthly retirement pension to which the police officers or firefighters were entitled.

PROJECTION OF BENEFITS

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

CONTRIBUTION

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

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 required contributions for the fiscal year ended April 30, 2013, were \$1,284,797 and \$1,438,452 for the Police and Firefighters Pension plans, respectively. The annual contribution requirements are equal to the normal cost of the pension fund for the year involved, plus an amount sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of municipal fiscal year 2040.

ACTUARIALLY DETERMINED CONTRIBUTION REQUIREMENTS AND CONTRIBUTIONS 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 cost actuarial funding method. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 27 year period.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

23 DEFINED BENEFIT PENSION PLANS - POLICE AND FIREFIGHTERS (Continued)

ACTUARIALLY DETERMINED CONTRIBUTION REQUIREMENTS AND CONTRIBUTIONS MADE (Continued)

	Police Pension	Firefighters Pension
Actuarial valuation date (for the year ended April 30, 2014)	May 1, 2013	May 1, 2013
Total statutorily required contribution:		
As a dollar amount as of April 30, 2014:		
Projected unit credit normal cost	\$ 523,148	\$ 612,482
Minimum payment to amortize 90% of the projected unit credit unfunded actuarial accrued liability through 2040	717,093	707,757
Interest	99,486	41,343
	\$ 1,339,727	\$ 1,361,582
As a percentage of current covered payroll:		
(projected for the year ended April 30, 2014)		
Projected unit credit normal cost	23.43%	31.57%
Minimum payment to amortize 90% of the projected unit credit unfunded actuarial accrued liability through 2040	32.11%	36.48%
Interest	4.45%	2.13%
	59.99%	70.18%
Contributions made:		
As a dollar amount as of April 30, 2014		
Employer	\$ 1,372,591	\$ 1,398,877
Plan members	227,576	198,792
	\$ 1,600,167	\$ 1,597,669
As a percentage of current covered payroll:		
(projected for the year ended April 30, 2014)		
Employer	61.46%	72.10%
Plan members	10.19%	10.25%
	71.66%	82.35%

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

23 DEFINED BENEFIT PENSION PLANS - POLICE AND FIREFIGHTERS (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS

Significant actuarial methods and assumptions used in valuations on which reported information about the ARC, annual pension cost, and the funded status and funding progress of pension plans is based as of April 30, 2014, include:

	Police Pension	Firefighters Pension
Funding Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level dollar amount-closed amortization period	Level dollar amount-closed amortization period
Remaining Amortization Period	27 years	27 years
Asset Valuation Method	Investment gains and losses are recognized over a 5 year period	Investment gains and losses are recognized over a 5 year period
Actuarial Assumptions	Police Pension	Firefighters Pension
Interest Rate	6.75%	6.75%
Mortality Rate	Special actuarial assumption study for police	RP-2000 Combined Health Mortality Table with Blue Collar Adjustment
Payroll Growth	4.5%	3.5%
Salary Increases	4.5% over long-term and an additional 2% for first five years of service and inflation allowance of 3%	Age-related table with rates grading from 4.8611% to 1.122% and an additional inflation allowance of 2%.
Rate of Service-Related Deaths	Special actuarial assumption study for police	5%
Rate of Service-Related Disabilities	125% of special actuarial assumption study for police	15%
Marital Status	80% of officers are assumed to be married	85% of officers are assumed to be married
Spouse's Age	Wives are assumed to be the same age as their husbands	Wives are assumed to be 3 years younger than their husbands

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

23 DEFINED BENEFIT PENSION PLANS - POLICE AND FIREFIGHTERS (Continued)

ANNUAL PENSION COST AND NET PENSION OBLIGATION

The City's annual pension cost and net pension obligation for the current year were as follows:

	Police Pension	Firefighters Pension
Annual required contribution (ARC)	\$ 1,841,839	\$ 1,352,449
Interest on net pension obligation	(2,929)	19,797
Adjustment to ARC	2,263	(17,585)
Annual pension cost	1,841,173	1,354,661
Contributions made	1,372,591	1,398,877
Increase (decrease) in net pension obligation	468,582	(44,216)
Net pension obligation - beginning of year	(43,387)	293,292
Net pension obligation - end of year	<u>\$ 425,195</u>	<u>\$ 249,076</u>

MATTOON POLICE PENSION FUND

Three-Year Trend Information

Year Ended April 30,	Annual Pension Cost	Employer Contribution	Percentage Contribution	Net Pension Obligation
2014	\$ 1,841,173	\$ 1,372,591	74.55%	\$ 425,195
2013	1,281,491	1,139,516	88.92%	(43,387)
2012	1,220,185	1,082,520	88.72%	(185,362)

CITY OF MATTOON, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Year Ended April 30, 2014

23 DEFINED BENEFIT PENSION PLANS - POLICE AND FIREFIGHTERS (Continued)

MATTOON FIREFIGHTERS PENSION FUND

Three-Year Trend Information

Year Ended April 30,	Annual Pension Cost	Employer Contribution	Percentage Contribution	Net Pension Obligation
2014	\$ 1,354,661	\$ 1,398,877	103.26%	\$ 249,076
2013	1,440,359	1,354,955	94.07%	293,292
2012	1,403,703	1,292,792	92.10%	207,888

FUNDING STATUS AND PROGRESS

As of May 1, 2013, the most recent actuarial valuation date, the Police Pension was 41.86% funded. For the Police Pension Fund, the actuarial accrued liability for benefits was \$36,781,930, and the actuarial value of assets was \$15,398,506, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,383,424. The covered payroll for fiscal year 2013 was \$2,283,383 and the ratio of UAAL to the covered payroll was 936.48%.

As of May 1, 2013, the most recent actuarial valuation date, the Firefighters Pension was 47.55% funded. The actuarial accrued liability for benefits was \$32,309,347, and the actuarial value of assets was \$15,364,125, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,945,222. The covered payroll for fiscal year 2013 was \$1,940,183 and the ratio of UAAL to the covered payroll was 873.38%.

SCHEDULE OF FUNDING PROGRESS

The Schedules of Funding Progress for the Mattoon Police Pension Fund and Mattoon Firefighters Pension Fund present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits. The Schedules of Funding Progress for the past six years are reported as required supplementary information immediately following the notes.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

24 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. Separate financial statements are not issued for the post-employment healthcare benefits program.

FUNDING POLICY

For fiscal year 2014, the City contributed \$1,107,785 for retiree healthcare benefits. The City required retirees with monthly pensions less than \$1,625 per month to contribute \$97 per month for those with no dependents or \$155 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 \$210 per month for those with no dependents or \$335 per month for those with dependents, 32.5% of the total cost of their healthcare. The municipality bears all cost up to the stop loss insurance and above the amount contributed by retirees on a pay-as-you-go basis.

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	\$ 2,476,688
Interest on net OPEB Obligation	258,627
Adjustment to annual required contribution	<u>(328,556)</u>
Annual OPEB cost (expense)	2,406,759
Contributions made	<u>(1,107,785)</u>
Increase in net OPEB obligation	1,298,974
Net OPEB obligation - beginning of year	<u>5,444,796</u>
Net OPEB obligation - end of year	<u><u>\$ 6,743,770</u></u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

24 POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued)

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 Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2014	\$ 2,406,759	46.00%	\$ 6,743,770
4/30/2013	2,139,312	52.30%	5,444,796
4/30/2012	2,152,787	47.60%	4,423,320

FUNDED STATUS AND FUNDING PROGRESS

As of April 30, 2014, the actuarial accrued liability for benefits was \$33,928,066. The covered payroll was approximately \$7,322,327, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 463%. 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.

Actuarial Methods	Post-Employment Health Care Benefits
Funding Method	Entry Age Normal Cost
Amortization Method	Level percentage of pay

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

24 POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Actuarial Assumptions	Post-Employment Health Care Benefits	
Interest Rate	4.75%	
Salary Progression	3.50%	
Claim Costs:		
Single Coverage	\$488	
Family Coverage	\$1,504	
Employee Contributions:		
Hired prior to May 1, 2007		
Pension amount less than \$1,625/month	15% of cost	
Pension amount more than \$1,625/month	32.5% of cost	
Hired after April 30, 2007	100% of cost	
Mortality Rate	RP-2000 projected to 2013 Combined Table For Males and Females	
Retirement, Withdrawal, and Disability Rates	Age-related tables with varying rates	
Participation	90% of employees hired prior to May 1, 2007, that are currently enrolled	
	50% of employees hired after April 30, 2007, that are currently enrolled	
Spouse Information	50% of employees are assumed to be married, female assumed to be 3 years younger than male	
Health Care Cost Inflation Rates	Period	Rate
	2014	9%
	2015	8%
	2016	7%
	2017	6%
	2018 and after	5%

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

25 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 Coventry Health Care for medical benefits and Delta Dental for dental benefits.

The municipality requires active employee and retiree contributions to the health plan. Note 24 provides the funding information for retirees. For the fiscal year ended April 30, 2014, the contribution for active employees was \$97 per month for those with no dependents or \$155 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.

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 \$3,000 calendar year out of pocket family maximum or \$1,500 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 \$5,500 per year and \$2,750 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 copayment amounts required for the prescription drug benefit.

The specific stop loss insurance coverage presently attaches at costs in excess of \$150,000 per participant. 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.

At the end of the fiscal year, the City had 269 employees, former employees, and retirees participating in the group health plan. Of this number, 130 were active employees, and 139 were retirees. 78 of the participants had single coverage, and 191 had family coverage.

The health plan is funded on a pay-as-you-go basis. The City incurred health plan claims expenditures of \$2,992,906 in the fiscal year that ended April 30, 2014, which includes \$116,969 of claims incurred, but not paid. An actuarial estimate of claims incurred, but not reported, was not determined.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

26 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.

Exposure	Insurer	Limits of Coverage	Expiration
Workers Compensation	IPRF ¹	\$2.5 million each accident \$2.5 million each employee \$2.5 million policy limit	1/1/2015
Property & Casualty	Argonaut ²	Replacement Cost \$70,556,325 Blanket Building and Contents Limit \$1,000,000 Extra Expense and Business Income Property- \$5,000 deductible Extra Expense and Business Income- \$5,000 deductible	12/1/2014
General Liability ³	Argonaut	\$1 million each occurrence \$3 million aggregate	12/1/2014
Flood	American ⁴	\$405,000 Blower Building Structure \$360,000 Blower Building Contents \$132,500 Pump Station Building \$221,400 Pump Station Contents \$25,000 deductible	12/1/2014
Volunteers	National ⁵	\$2 million each occurrence	12/1/2014
Employed Lawyer's Liability	Philadelphia ⁶	\$1 million aggregate	12/1/2014
Fiduciary Liability	Federal ⁷	\$1 million aggregate	12/1/2014
Public Officials Liability	Argonaut	\$1 million each occurrence \$3 million aggregate \$5,000 deductible	12/1/2014
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	12/1/2014

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

26 INSURANCE (Continued)

Automobile Physical Damage	Argonaut	Actual cash value \$500 deductible	12/1/2014
Automobile Liability	Argonaut	\$1 million	12/1/2014
Law Enforcement Liability	Argonaut	\$1 million each occurrence \$3 million aggregate \$5,000 deductible	12/1/2014
Crime	Federal	Limit - \$500,000	12/1/2014
Inland Marine	Argonaut	\$4,977,296 \$1,000 deductible	12/1/2014
Umbrella Liability ⁸	Argonaut	\$10 million each occurrence \$10 million aggregate	12/1/2014

¹ Illinois Public Risk Fund.

² Argonaut Great Central Insurance Company.

³ 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.

⁴ American Banker's Insurance Company of Florida.

⁵ National Union Fire Insurance Company of Pittsburgh.

⁶ Philadelphia Indemnity Insurance Company.

⁷ Federal Insurance Company.

⁸ 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.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

27 CONTINGENCIES

At April 30, 2014, the City was a defendant in two pending lawsuits. The City's legal counsel is unable to express an opinion as to the likelihood of an unfavorable outcome on the lawsuits. However, the City believes it has numerous meritorious defenses and is vigorously defending this litigation.

28 DEFICIT FUND BALANCES

The following individual fund carried the following deficit balance as of April 30, 2014:

Governmental Component Unit: Mattoon Public Library	\$ (67,382)
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The City intends to reduce this deficit by reducing expenditures in future periods.

29 RELATED PARTY TRANSACTIONS

The City of Mattoon services a \$2,000,000 loan that was issued December 16, 2010, to fund early retirement incentives and energy efficient improvements throughout the City's buildings. The loan is serviced by the primary government. The Mattoon Public Library, a discretely presented component unit, had an employee retire using the early retirement incentive and received various energy efficient improvements that were paid for from the proceeds of the loan. Therefore, the Library reports an amount due to the General Fund for the cost of these items, minus grants received to help cover the cost. The Library makes monthly payments to the General Fund to reimburse the amount owed plus the interest on the note proceeds used for the Library. At April 30, 2014, the balance due to the General Fund from the Library for this transaction was \$91,153.

30 PRIOR PERIOD ADJUSTMENT

U.S. generally accepted accounting principles for governmental enterprise funds uses an economic resource focus and accrual basis of accounting, whereby expenses are recorded when incurred and revenues when earned. In prior years, the City of Mattoon has not accrued for unbilled water and sewer usage at fiscal year-end. However, unbilled water and sewer usage should be accrued based on estimated billings for service provided through the end of the fiscal year. Accordingly, unbilled water and sewer usage was accrued at April 30, 2014, and prior period net position was restated as shown below.

Additionally, the City of Mattoon has adopted GASB Statement No. 65, *Financial Reporting of Items Previously Reported as Assets and Liabilities*, which was required to be implemented in the current year. This is a change in a generally accepted accounting principle. Under GASB 65, bond issuance costs, are to be expensed in the period incurred and not capitalized and amortized over the repayment period of the bonds. The financial statements for the year ended April 30, 2014, have been restated to reflect the retroactive applications of this change in accounting principle. See restatement of prior period net position below.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2014

30 PRIOR PERIOD ADJUSTMENT (Continued)

	Governmental Activities	Business-Type Activities		Total
		Water Fund	Sewer Fund	
Net position at April 30, 2013	\$ 21,648,578	\$ 11,367,668	\$ 14,879,201	\$ 47,895,447
Unbilled water and sewer usage	-	236,544	313,677	550,221
Bond issuance costs	(214,150)	(57,333)	(27,062)	(298,545)
Net position at April 30, 2013, restated	<u>\$ 21,434,428</u>	<u>\$ 11,546,879</u>	<u>\$ 15,165,816</u>	<u>\$ 48,147,123</u>

31 FUTURE FINANCIAL STATEMENT PRESENTATION CHANGES

In June 2012, the Governmental Accounting Standards Board issued Statement No. 67, *Accounting and Financial Reporting for Pensions*. This statement is applicable to the Mattoon Police and Firefighter Pension Plans presented as fiduciary component units and will be effective for the City of Mattoon's fiscal year ended April 30, 2015. As a result of this new standard, each pension fund will disclose additional information regarding investments and expected rates of return.

The standard also provides for disclosure of net pension liability on the government-wide statements instead of the net pension obligation currently recorded. This is expected to significantly impact the Statement of Net Position liability at April 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than Management's Discussion and Analysis)

CITY OF MATTOON, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)

April 30, 2014

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)
12/31/13	\$ 10,573,021	\$ 12,860,458	\$ 2,287,437	82.21%	\$ 3,643,120	62.79%
12/31/12	8,456,984	11,851,724	3,394,740	71.36%	3,638,342	93.30%
12/31/11	6,865,857	10,889,009	4,023,152	63.05%	3,586,575	112.17%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$13,649,743. On a market basis, the funded ratio would be 106.14%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the City of Mattoon. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS
 POLICE PENSION FUND
 SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 (UNAUDITED)

April 30, 2014

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)
05/01/13	\$15,398,506	\$ 36,781,930	\$ 21,383,424	41.86%	\$ 2,233,137	957.55%
05/01/12	14,698,221	32,880,106	18,181,885	44.70%	2,112,905	860.52%
05/01/11	13,735,199	31,576,257	17,841,058	43.50%	2,030,275	878.75%
04/30/10	14,004,793	30,557,604	16,552,811	45.83%	2,020,572	819.21%
04/30/09	12,055,157	28,704,172	16,649,015	42.00%	2,229,284	746.83%
04/30/08	14,390,466	27,532,025	13,141,559	52.27%	2,139,709	614.18%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended April 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
2014	\$ 1,841,839	\$ 1,372,591	74.52%
2013	1,284,797	1,139,516	88.69%
2012	1,226,438	1,082,520	88.27%
2011	1,152,945	1,142,947	99.13%
2010	1,145,967	1,010,614	88.19%
2009	938,318	992,277	105.75%

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS
 FIREFIGHTERS PENSION FUND
 SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 (UNAUDITED)

April 30, 2014

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)
05/01/13	\$ 15,364,125	\$ 32,309,347	\$16,945,222	47.55%	\$ 1,940,183	873.38%
05/01/12	14,576,771	33,341,735	18,764,964	43.72%	1,885,888	995.02%
05/01/11	13,840,400	32,630,851	18,790,451	42.42%	1,860,445	1010.00%
04/30/10	14,534,029	33,027,916	18,493,887	44.01%	1,896,588	975.11%
04/30/09	12,788,406	31,736,657	18,948,251	40.30%	2,096,818	903.67%
04/30/08	15,789,402	30,844,230	15,054,828	51.19%	2,027,483	742.54%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended April 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
2014	\$ 1,352,449	\$ 1,398,877	103.43%
2013	1,438,452	1,354,955	94.20%
2012	1,402,670	1,292,792	92.17%
2011	1,349,661	1,375,069	101.88%
2010	1,385,894	1,230,187	88.76%
2009	1,154,741	1,134,259	98.23%

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS

POST EMPLOYMENT HEALTHCARE BENEFIT PROGRAM
 SCHEDULE OF FUNDING PROGRESS
 (UNAUDITED)

April 30, 2014

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)
04/30/14	\$ -	\$ 33,928,066	\$33,928,066	0.00%	\$ 7,322,327	463.35%
04/30/13	-	30,084,328	30,084,328	0.00%	7,387,512	407.23%
04/30/12	-	29,342,006	29,342,006	0.00%	7,143,490	410.75%
04/30/11	-	23,103,333	23,103,333	0.00%	6,789,837	340.26%
04/30/10	-	23,181,829	23,181,829	0.00%	6,438,912	360.03%
04/30/09	-	26,631,983	26,631,983	0.00%	7,672,228	347.12%

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 6,400,021	\$ 6,400,021	\$ 6,592,260	\$ 192,239
Licenses and permits	191,951	191,951	190,616	(1,335)
Intergovernmental revenues	8,896,799	8,896,799	8,975,780	78,981
Charges for services	1,126,878	1,126,878	1,099,657	(27,221)
Fines and forfeitures	131,100	131,100	140,742	9,642
Investment income	5,324	5,324	6,585	1,261
Contributions & miscellaneous revenues	215,081	215,081	333,706	118,625
Total revenues	16,967,154	16,967,154	17,339,346	372,192
Expenditures:				
Current				
General government	2,188,500	2,228,978	2,193,590	35,388
Public safety	10,021,702	10,027,689	10,099,781	(72,092)
Public works	1,653,266	1,654,408	1,497,157	157,251
Health and welfare	193,867	193,994	185,798	8,196
Culture and recreation	1,429,969	1,430,357	1,447,300	(16,943)
Economic development	50,000	50,000	50,000	-
Capital outlay	137,029	137,029	280,006	(142,977)
Debt service				
Principal	620,821	620,821	462,348	158,473
Interest and fiscal charges	625	625	88,938	(88,313)
Total expenditures	16,295,779	16,343,901	16,304,918	38,983
Excess of revenues over expenditures	671,375	623,253	1,034,428	411,175
Other financing sources (uses):				
Transfers in	143,500	143,500	182,573	39,073
Transfers out	(775,000)	(775,000)	(750,841)	24,159
Loan proceeds	-	-	135,810	135,810
Proceeds from sale of assets	-	-	6,227	6,227
Total other financing uses	(631,500)	(631,500)	(426,231)	205,269
Net change in fund balance	\$ 39,875	\$ (8,247)	608,197	\$ 616,444
Fund balance -beginning			3,822,014	
Fund balance - ending			\$ 4,430,211	

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended April 30, 2014

1 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 shown on the General Fund's Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.

CITY OF MATTOON, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended April 30, 2014

1 ADJUSTMENTS FOR DIFFERENCES IN PERSPECTIVE (Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND

For the Year Ended April 30, 2014

	General Fund				Festival Management Fund				Totals			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Taxes	\$ 6,400,021	\$ 6,400,021	\$ 6,592,260	\$ 192,239	\$ -	\$ -	\$ -	\$ -	\$ 6,400,021	\$ 6,400,021	\$ 6,592,260	\$ 192,239
Licenses and permits	191,951	191,951	190,616	(1,335)	-	-	-	-	191,951	191,951	190,616	(1,335)
Intergovernmental revenues	8,896,799	8,896,799	8,975,780	78,981	-	-	-	-	8,896,799	8,896,799	8,975,780	78,981
Charges for services	1,126,878	1,126,878	1,099,657	(27,221)	-	-	-	-	1,126,878	1,126,878	1,099,657	(27,221)
Fines and forfeitures	131,100	131,100	140,742	9,642	-	-	-	-	131,100	131,100	140,742	9,642
Investment income	5,324	5,324	6,585	1,261	-	-	-	-	5,324	5,324	6,585	1,261
Contributions & miscellaneous revenues	99,081	99,081	209,038	109,957	116,000	116,000	124,668	8,668	215,081	215,081	333,706	118,625
Total revenues	16,851,154	16,851,154	17,214,678	363,524	116,000	116,000	124,668	8,668	16,967,154	16,967,154	17,339,346	372,192
Expenditures:												
Current												
General government	2,188,500	2,228,978	2,193,590	35,388	-	-	-	-	2,188,500	2,228,978	2,193,590	35,388
Public safety	10,021,702	10,027,689	10,099,781	(72,092)	-	-	-	-	10,021,702	10,027,689	10,099,781	(72,092)
Public works	1,653,266	1,654,408	1,497,157	157,251	-	-	-	-	1,653,266	1,654,408	1,497,157	157,251
Health and welfare	193,867	193,994	185,798	8,196	-	-	-	-	193,867	193,994	185,798	8,196
Culture and recreation	1,286,344	1,286,732	1,283,673	3,059	143,625	143,625	163,627	(20,002)	1,429,969	1,430,357	1,447,300	(16,943)
Economic development	50,000	50,000	50,000	-	-	-	-	-	50,000	50,000	50,000	-
Capital outlay	137,029	137,029	280,006	(142,977)	-	-	-	-	137,029	137,029	280,006	(142,977)
Debt service												
Principal	620,821	620,821	462,348	158,473	-	-	-	-	620,821	620,821	462,348	158,473
Interest and fiscal charges	625	625	88,938	(88,313)	-	-	-	-	625	625	88,938	(88,313)
Total expenditures	16,152,154	16,200,276	16,141,291	58,985	143,625	143,625	163,627	(20,002)	16,295,779	16,343,901	16,304,918	38,983
Excess of revenues over expenditures	699,000	650,878	1,073,387	422,509	(27,625)	(27,625)	(38,959)	(11,334)	671,375	623,253	1,034,428	411,175
Other financing sources (uses):												
Transfers in	96,000	96,000	135,073	39,073	47,500	47,500	47,500	-	143,500	143,500	182,573	39,073
Transfers out	(775,000)	(775,000)	(750,841)	24,159	-	-	-	-	(775,000)	(775,000)	(750,841)	24,159
Loan proceeds	-	-	135,810	135,810	-	-	-	-	-	-	135,810	135,810
Proceeds from sale of assets	-	-	6,227	6,227	-	-	-	-	-	-	6,227	6,227
Total other financing sources (uses):	(679,000)	(679,000)	(473,731)	205,269	47,500	47,500	47,500	-	(631,500)	(631,500)	(426,231)	205,269
Net change in fund balance	\$ 20,000	\$ (28,122)	\$ 599,656	\$ 627,778	\$ 19,875	\$ 19,875	\$ 19,875	\$ 8,541	\$ (11,334)	\$ (8,247)	\$ 608,197	\$ 616,444
Fund balance -beginning			3,724,127				97,887				3,822,014	
Fund balance - ending			\$ 4,323,783				\$ 106,428				\$ 4,430,211	

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL
 CAPITAL PROJECTS FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 385,000	\$ 385,000	\$ -	\$ (385,000)
Investment income	1,000	1,000	1,854	854
Contributions & miscellaneous revenues	10,000	10,000	25,380	15,380
Total revenues	396,000	396,000	27,234	(368,766)
Expenditures:				
Current				
General government	3,500	3,500	7,053	(3,553)
Public safety	-	-	-	-
Public works	400,000	400,000	465	399,535
Culture and recreation	-	-	-	-
Capital outlay	3,783,000	3,783,000	527,696	3,255,304
Debt service				
Principal	446,000	446,000	240,000	206,000
Interest and fiscal charges	-	-	205,820	(205,820)
Total expenditures	4,632,500	4,632,500	981,034	3,651,466
(Deficiency) of revenues under expenditures	(4,236,500)	(4,236,500)	(953,800)	3,282,700
Other financing sources:				
Transfers in	775,000	775,000	750,841	(24,159)
Net change in fund balance	\$ (3,461,500)	\$ (3,461,500)	(202,959)	\$ 3,258,541
Fund balance -beginning			4,169,943	
Fund balance - ending			<u>\$ 3,966,984</u>	

CITY OF MATTOON, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2014

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Home Rehabilitation Grant Fund
Assets:			
Cash and cash equivalents	\$ 1,300,314	\$ -	\$ 37
Receivables	116,658	97,571	9,716
Due from other funds	-	176	-
Long-term receivables	-	-	-
Total assets	\$ 1,416,972	\$ 97,747	\$ 9,753
Liabilities:			
Accounts payable	\$ 18,673	\$ 6,798	\$ 9,716
Payroll liabilities payable	-	2,957	-
Due to other funds	-	66,596	-
Total liabilities	18,673	76,351	9,716
Deferred inflows of resources:			
Unavailable revenue	-	12,624	-
Fund Balance:			
Nonspendable	-	-	-
Restricted	1,398,299	8,772	37
Total fund balance	1,398,299	8,772	37
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,416,972	\$ 97,747	\$ 9,753

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2014

	Revolving Loan Fund	Midtown TIF District Fund	I-57 East TIF District Fund
Assets:			
Cash and cash equivalents	\$ 656,257	\$ 367,775	\$ 98,095
Receivables	76,814	301,438	36,115
Due from other funds	-	-	-
Long-term receivables	280,934	-	-
Total assets	\$ 1,014,005	\$ 669,213	\$ 134,210
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Payroll liabilities payable	-	-	-
Due to other funds	5,368	-	-
Total liabilities	5,368	-	-
Deferred inflows of resources:			
Unavailable revenue	-	301,438	36,115
Fund Balance:			
Nonspendable	280,934	-	-
Restricted	727,703	367,775	98,095
Total fund balance	1,008,637	367,775	98,095
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,014,005	\$ 669,213	\$ 134,210

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2014

	South Rt 45 TIF District Fund	South Rt 45 Business District Fund	Broadway East TIF District Fund
Assets:			
Cash and cash equivalents	\$ 843	\$ 47,084	\$ 78,979
Receivables	28,013	17,129	35,682
Due from other funds	-	-	-
Long-term receivables	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 28,856</u>	<u>\$ 64,213</u>	<u>\$ 114,661</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Payroll liabilities payable	-	-	-
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	<u>28,013</u>	<u>6,567</u>	<u>35,682</u>
Fund Balance:			
Nonspendable	-	-	-
Restricted	<u>843</u>	<u>57,646</u>	<u>78,979</u>
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>843</u>	<u>57,646</u>	<u>78,979</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 28,856</u>	<u>\$ 64,213</u>	<u>\$ 114,661</u>

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2014

	Broadway East Business District Fund	I-57 East Business District Fund	Eliminations	Totals
Assets:				
Cash and cash equivalents	\$ 476,540	\$ 6,744	\$ -	\$ 3,032,668
Receivables	80,042	870	-	800,048
Due from other funds	-	-	-	176
Long-term receivables	-	-	-	280,934
Total assets	\$ 556,582	\$ 7,614	\$ -	\$ 4,113,826
Liabilities:				
Accounts payable	\$ 5,184	\$ -	\$ -	\$ 40,371
Payroll liabilities payable	-	-	-	2,957
Due to other funds	-	-	-	71,964
Total liabilities	5,184	-	-	115,292
Deferred inflows of resources:				
Unavailable revenue	22,343	175	-	442,957
Fund Balance:				
Nonspendable	-	-	-	280,934
Restricted	529,055	7,439	-	3,274,643
Total fund balance	529,055	7,439	-	3,555,577
Total liabilities, deferred inflows of resources, and fund balance	\$ 556,582	\$ 7,614	\$ -	\$ 4,113,826

CITY OF MATTOON, ILLINOIS

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

For the Year Ended April 30, 2014

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Home Rehabilitation Grant Fund
Revenues:			
Taxes	\$ -	\$ 352,738	\$ -
Intergovernmental revenues	631,348	-	22,471
Investment income	271	-	-
Total revenues	<u>631,619</u>	<u>352,738</u>	<u>22,471</u>
Expenditures:			
Current			
Public works	295,925	-	-
Culture and recreation	-	340,351	-
Economic development	-	-	22,471
Capital outlay	81,052	49,634	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>376,977</u>	<u>389,985</u>	<u>22,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>254,642</u>	<u>(37,247)</u>	<u>-</u>
Other financing sources (uses):			
Transfer in	4,121	-	-
Transfer out	-	(47,500)	-
Total other financing sources (uses)	<u>4,121</u>	<u>(47,500)</u>	<u>-</u>
Net change in fund balances	258,763	(84,747)	-
Fund balance - beginning	<u>1,139,536</u>	<u>93,519</u>	<u>37</u>
Fund balance - ending	<u>\$ 1,398,299</u>	<u>\$ 8,772</u>	<u>\$ 37</u>

CITY OF MATTOON, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (Continued)

For the Year Ended April 30, 2014

	Revolving Loan Fund	Midtown TIF District Fund	I-57 East TIF District Fund
Revenues:			
Taxes	\$ -	\$ 298,473	\$ 35,345
Intergovernmental revenues	-	-	-
Investment income	11,959	316	-
Total revenues	<u>11,959</u>	<u>298,789</u>	<u>35,345</u>
Expenditures:			
Current			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	1,485	189,952	7,508
Capital outlay	-	25,741	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,485</u>	<u>215,693</u>	<u>7,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,474</u>	<u>83,096</u>	<u>27,837</u>
Other financing sources (uses):			
Transfer in	-	-	-
Transfer out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,474	83,096	27,837
Fund balance - beginning	<u>998,163</u>	<u>284,679</u>	<u>70,258</u>
Fund balance - ending	<u>\$ 1,008,637</u>	<u>\$ 367,775</u>	<u>\$ 98,095</u>

CITY OF MATTOON, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (Continued)

For the Year Ended April 30, 2014

	South Rt 45 TIF District Fund	South Rt 45 Business District Fund	Broadway East TIF District Fund
Revenues:			
Taxes	\$ 27,316	\$ 48,521	\$ 33,763
Intergovernmental revenues	-	-	-
Investment income	-	24	-
Total revenues	<u>27,316</u>	<u>48,545</u>	<u>33,763</u>
Expenditures:			
Current			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	11,517	-	11,101
Capital outlay	-	-	-
Debt service			
Principal	24,716	-	-
Interest and fiscal charges	35,901	-	-
Total expenditures	<u>72,134</u>	<u>-</u>	<u>11,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,818)</u>	<u>48,545</u>	<u>22,662</u>
Other financing sources (uses):			
Transfer in	45,000	-	-
Transfer out	-	(45,000)	-
Total other financing sources (uses)	<u>45,000</u>	<u>(45,000)</u>	<u>-</u>
Net change in fund balances	182	3,545	22,662
Fund balance - beginning	<u>661</u>	<u>54,101</u>	<u>56,317</u>
Fund balance - ending	<u>\$ 843</u>	<u>\$ 57,646</u>	<u>\$ 78,979</u>

CITY OF MATTOON, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (Continued)

For the Year Ended April 30, 2014

	Broadway East Business District Fund	I-57 East Business District Fund	Eliminations	Totals
Revenues:				
Taxes	\$ 321,793	\$ 2,826	\$ -	\$ 1,120,775
Intergovernmental revenues	-	-	-	653,819
Investment income	170	-	-	12,740
Total revenues	<u>321,963</u>	<u>2,826</u>	<u>-</u>	<u>1,787,334</u>
Expenditures:				
Current				
Public works	-	-	-	295,925
Culture and recreation	-	-	-	340,351
Economic development	29,777	-	-	273,811
Capital outlay	-	-	-	156,427
Debt service				
Principal	145,000	-	-	169,716
Interest and fiscal charges	187,712	-	-	223,613
Total expenditures	<u>362,489</u>	<u>-</u>	<u>-</u>	<u>1,459,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,526)</u>	<u>2,826</u>	<u>-</u>	<u>327,491</u>
Other financing sources (uses):				
Transfer in	-	-	(45,000)	4,121
Transfer out	-	-	45,000	(47,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,379)</u>
Net change in fund balances	(40,526)	2,826	-	284,112
Fund balance - beginning	<u>569,581</u>	<u>4,613</u>	<u>-</u>	<u>3,271,465</u>
Fund balance - ending	<u>\$ 529,055</u>	<u>\$ 7,439</u>	<u>\$ -</u>	<u>\$ 3,555,577</u>

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 MOTOR FUEL TAX FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 748,000	\$ 748,000	\$ 631,348	\$ (116,652)
Investment income	1,000	1,000	271	(729)
Total revenues	<u>749,000</u>	<u>749,000</u>	<u>631,619</u>	<u>(117,381)</u>
Expenditures:				
Current				
Public works	774,100	774,100	295,925	478,175
Capital outlay	405,000	405,000	81,052	323,948
Total expenditures	<u>1,179,100</u>	<u>1,179,100</u>	<u>376,977</u>	<u>802,123</u>
Excess (deficiency) of revenues over expenditures	<u>(430,100)</u>	<u>(430,100)</u>	<u>254,642</u>	<u>684,742</u>
Other financing sources:				
Transfers in (out)	-	-	4,121	4,121
Net change in fund balance	<u>\$ (430,100)</u>	<u>\$ (430,100)</u>	258,763	<u>\$ 688,863</u>
Fund balance - beginning			<u>1,139,536</u>	
Fund balance - ending			<u>\$ 1,398,299</u>	

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 HOTEL AND MOTEL TAX FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 300,000	\$ 300,000	\$ 352,738	\$ 52,738
Contributions and miscellaneous revenues	-	-	-	-
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>352,738</u>	<u>52,738</u>
Expenditures:				
Current				
Culture and recreation	281,924	282,003	340,351	(58,348)
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>49,634</u>	<u>(24,634)</u>
Total expenditures	<u>306,924</u>	<u>307,003</u>	<u>389,985</u>	<u>(82,982)</u>
(Deficiency) of revenues under expenditures	<u>(6,924)</u>	<u>(7,003)</u>	<u>(37,247)</u>	<u>(30,244)</u>
Other financing (uses):				
Transfers out	<u>(47,500)</u>	<u>(47,500)</u>	<u>(47,500)</u>	<u>-</u>
Net change in fund balance	<u>\$ (54,424)</u>	<u>\$ (54,503)</u>	<u>(84,747)</u>	<u>\$ (30,244)</u>
Fund balance - beginning			<u>93,519</u>	
Fund balance - ending			<u>\$ 8,772</u>	

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 HOME REHABILITATION GRANT FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 126,000	\$ 126,000	\$ 22,471	\$ (103,529)
Expenditures:				
Current				
Economic development	<u>126,000</u>	<u>126,000</u>	<u>22,471</u>	<u>103,529</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - beginning			<u>37</u>	
Fund balance - ending			<u>\$ 37</u>	

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 REVOLVING LOAN FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 1,000	\$ 1,000	\$ 11,959	\$ 10,959
Contributions and miscellaneous revenue	<u>110,123</u>	<u>110,123</u>	<u>-</u>	<u>(110,123)</u>
Total revenues	111,123	111,123	11,959	(99,164)
Expenditures:				
Current				
Economic development	<u>111,123</u>	<u>111,123</u>	<u>1,485</u>	<u>109,638</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	10,474	<u>\$ 10,474</u>
Fund balance - beginning			<u>998,163</u>	
Fund balance - ending			<u>\$ 1,008,637</u>	

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 MIDTOWN TIF DISTRICT FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 278,000	\$ 278,000	\$ 298,473	\$ 20,473
Investment income	200	200	316	116
Total revenues	<u>278,200</u>	<u>278,200</u>	<u>298,789</u>	<u>20,589</u>
Expenditures:				
Current				
Economic development	206,732	212,732	189,952	22,780
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>25,741</u>	<u>74,259</u>
Total expenditures	<u>306,732</u>	<u>312,732</u>	<u>215,693</u>	<u>97,039</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (28,532)</u>	<u>\$ (34,532)</u>	83,096	<u>\$ 117,628</u>
Fund balance - beginning			<u>284,679</u>	
Fund balance - ending			<u>\$ 367,775</u>	

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 I-57 EAST TIF DISTRICT FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 58,337	\$ 58,337	\$ 35,345	\$ (22,992)
Investment income	-	-	-	-
Total revenue	58,337	58,337	35,345	(22,992)
Expenditures:				
Current				
Economic development	12,167	12,167	7,508	4,659
Excess of revenues over expenditures	<u>\$ 46,170</u>	<u>\$ 46,170</u>	27,837	<u>\$ (18,333)</u>
Fund balance - beginning			<u>70,258</u>	
Fund balance - ending			<u>\$ 98,095</u>	

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 SOUTH RT 45 TIF DISTRICT FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 44,714	\$ 44,714	\$ 27,316	\$ (17,398)
Investment income	-	-	-	-
Total revenues	<u>44,714</u>	<u>44,714</u>	<u>27,316</u>	<u>(17,398)</u>
Expenditures:				
Current				
Economic development	14,997	14,997	11,517	3,480
Debt service				
Principal	60,617	60,617	24,716	35,901
Interest and fiscal charges	-	-	35,901	(35,901)
Total expenditures	<u>75,614</u>	<u>75,614</u>	<u>72,134</u>	<u>3,480</u>
(Deficiency) of revenues under expenditures	<u>(30,900)</u>	<u>(30,900)</u>	<u>(44,818)</u>	<u>(13,918)</u>
Other financing sources:				
Transfers in	<u>30,900</u>	<u>30,900</u>	<u>45,000</u>	<u>14,100</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>182</u>	<u>\$ 182</u>
Fund balance - beginning			<u>661</u>	
Fund balance - ending			<u>\$ 843</u>	

CITY OF MATTOON, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 SOUTH RT 45 BUSINESS DISTRICT FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 95,972	\$ 95,972	\$ 48,521	\$ (47,451)
Investment income	20	20	24	4
Total revenues	<u>95,992</u>	<u>95,992</u>	<u>48,545</u>	<u>(47,447)</u>
Other financing (uses):				
Transfers out	<u>(30,900)</u>	<u>(30,900)</u>	<u>(45,000)</u>	<u>(14,100)</u>
Net change in fund balance	<u>\$ 65,092</u>	<u>\$ 65,092</u>	3,545	<u>\$ (61,547)</u>
Fund balance - beginning			<u>54,101</u>	
Fund balance - ending			<u>\$ 57,646</u>	

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 BROADWAY EAST TIF DISTRICT FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 32,780	\$ 32,780	\$ 33,763	\$ 983
Investment income	-	-	-	-
Total revenue	32,780	32,780	33,763	983
Expenditures:				
Current				
Economic development	13,061	13,061	11,101	1,960
Excess of revenues over expenditures	<u>\$ 19,719</u>	<u>\$ 19,719</u>	22,662	<u>\$ 2,943</u>
Fund balance - beginning			<u>56,317</u>	
Fund balance - ending			<u>\$ 78,979</u>	

CITY OF MATTOON, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
NONMAJOR SPECIAL REVENUE FUND
BROADWAY EAST BUSINESS DISTRICT FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 286,108	\$ 286,108	\$ 321,793	\$ 35,685
Investment income	468	468	170	(298)
	286,576	286,576	321,963	35,387
Expenditures:				
Current				
Economic development	36,000	36,000	29,777	6,223
Debt service				
Principal	332,713	332,713	145,000	187,713
Interest and fiscal charges	-	-	187,712	(187,712)
	368,713	368,713	362,489	6,224
(Deficiency) of revenues over expenditures	\$ (82,137)	\$ (82,137)	(40,526)	\$ 41,611
Fund balance - beginning			569,581	
Fund balance - ending			\$ 529,055	

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 NONMAJOR SPECIAL REVENUE FUND
 I-57 EAST BUSINESS DISTRICT FUND

For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	<u>\$ 3,396</u>	<u>\$ 3,396</u>	\$ 2,826	<u>\$ (570)</u>
Fund balance - beginning			<u>4,613</u>	
Fund balance - ending			<u>\$ 7,439</u>	

CITY OF MATTOON, ILLINOIS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS

April 30, 2014

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 135,990	\$ 427,540	\$ 563,530
Accounts receivable	-	2,280	2,280
Due from other funds	-	-	-
Prepaid items	-	123,966	123,966
Restricted assets:			
Cash and cash equivalents	6,813	-	6,813
Total current assets	142,803	553,786	696,589
Liabilities:			
Current liabilities:			
Accounts payable	117,112	43,507	160,619
Due to other funds	19,015	65,279	84,294
Due to component units	350	1,106	1,456
Payable from restricted assets			
Other payables	6,326	-	6,326
Total current liabilities	142,803	109,892	252,695
Net Position:			
Unrestricted	\$ -	\$ 443,894	\$ 443,894

CITY OF MATTOON, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2014

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
Operating revenues:			
Fund charges and employee contributions	\$ 3,419,291	\$ 700,650	\$ 4,119,941
Miscellaneous operating revenue	3,761	94,096	97,857
Total operating revenue	<u>3,423,052</u>	<u>794,746</u>	<u>4,217,798</u>
Operating expenses:			
Administrative and general	145,137	36,323	181,460
Insurance	285,011	758,423	1,043,434
Health claims and uninsured judgments	2,992,906	-	2,992,906
Total operating expenses	<u>3,423,054</u>	<u>794,746</u>	<u>4,217,800</u>
Operating loss	(2)	-	(2)
Non-operating revenues:			
Investment income	2	-	2
Change in net position	-	-	-
Net position - beginning	<u>-</u>	<u>443,894</u>	<u>443,894</u>
Net position - ending	<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, 2014

	Health Insurance Fund	Insurance and Tort Judgment Fund	Totals
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 2,842,839	\$ 809,851	\$ 3,652,690
Receipts from component units	55,413	11,457	66,870
Receipts from employees and retirees	643,996	-	643,996
Payments to suppliers	(430,086)	(767,679)	(1,197,765)
Payments to claimants	(3,047,155)	-	(3,047,155)
Other receipts	7,833	115,067	122,900
	<u>72,840</u>	<u>168,696</u>	<u>241,536</u>
Net cash provided by operating activities			
Cash flows from noncapital financing activities:			
Loans repayments from other funds, net	-	258,844	258,844
	<u>-</u>	<u>258,844</u>	<u>258,844</u>
Net cash provided by noncapital financing activities			
Cash flows from investing activities:			
Investment income	2	-	2
	<u>2</u>	<u>-</u>	<u>2</u>
Net cash provided by investing activities			
Net increase in cash	72,842	427,540	500,382
Cash, restricted and unrestricted - beginning	69,961	-	69,961
Cash, restricted and unrestricted - ending	<u>\$ 142,803</u>	<u>\$ 427,540</u>	<u>\$ 570,343</u>
Reconciliation of operating (loss) to net cash provided by operating activities:			
Operating loss	\$ (2)	\$ -	\$ (2)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Decrease in receivables	4,135	20,971	25,106
Decrease in due from other funds	104,296	72,993	177,289
Decrease in prepaid items	-	8,765	8,765
Increase (decrease) in accounts payable	(55,898)	18,302	(37,596)
Increase in due to other funds	19,015	48,101	67,116
(Decrease) in due to component units	(354)	(436)	(790)
Increase in other payables	1,648	-	1,648
	<u>72,840</u>	<u>168,696</u>	<u>241,536</u>
Net cash provided by operating activities	<u>\$ 72,840</u>	<u>\$ 168,696</u>	<u>\$ 241,536</u>

CITY OF MATTOON, ILLINOIS
 BALANCE SHEET
 GOVERNMENTAL COMPONENT UNIT (MATTOON PUBLIC LIBRARY)

April 30, 2014

Assets:	
Cash and cash equivalents	\$ 21,402
Investments, at fair value	11,552
Receivables	1,035
Due from primary government	10,376
Restricted assets	
Investments, at fair value	<u>25,000</u>
Total assets	<u><u>\$ 69,365</u></u>
Liabilities:	
Accounts payable	\$ 141
Payroll liabilities	2,933
Due to primary government	52,497
Advances from primary government	<u>81,176</u>
	136,747
Fund Balance:	
Nonspendable	25,000
Unassigned	<u>(92,382)</u>
Total fund balances	<u>(67,382)</u>
Total liabilities and fund balance	<u><u>\$ 69,365</u></u>

CITY OF MATTOON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL COMPONENT UNIT (MATTOON PUBLIC LIBRARY)

For the Year Ended April 30, 2014

Revenues:	
Payments from primary government	\$ 478,201
Intergovernmental revenues	42,262
Charges for services	2,608
Fines and forfeitures	15,975
Investment income	2,990
Operating contributions	16,720
Miscellaneous revenues	<u>2,113</u>
Total revenues	<u>560,869</u>
Expenditures:	
Current	
Culture and recreation	528,268
Debt service	
Interest	<u>2,507</u>
Total expenditures	<u>530,775</u>
Excess of revenues over expenditures	30,094
Fund balance (deficit) - beginning	<u>(97,476)</u>
Fund balance (deficit) - ending	<u><u>\$ (67,382)</u></u>

CITY OF MATTOON, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY COMPONENT UNITS

April 30, 2014

	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund	Totals
Assets:			
Cash	\$ 1,438,117	\$ 1,428,140	\$ 2,866,257
Interest receivable	54,931	60,310	115,241
Prepaid expenses	2,343	-	2,343
Due from primary government	55,006	93,382	148,388
Total assets other than investments	<u>1,550,397</u>	<u>1,581,832</u>	<u>3,132,229</u>
Investments at fair value			
U.S. government obligations	4,055,995	4,971,403	9,027,398
Insurance contracts	10,643,079	9,609,811	20,252,890
Stocks	280,218	54,163	334,381
Total investments	<u>14,979,292</u>	<u>14,635,377</u>	<u>29,614,669</u>
Total assets	<u>16,529,689</u>	<u>16,217,209</u>	<u>32,746,898</u>
Liabilities:			
Accounts payable	9,467	-	9,467
Pensions payable	-	181,127	181,127
Total liabilities	<u>9,467</u>	<u>181,127</u>	<u>190,594</u>
Net position:			
Held in trust for pension benefits	<u>\$ 16,520,222</u>	<u>\$ 16,036,082</u>	<u>\$ 32,556,304</u>

NOTE: A schedule of funding progress is presented on pages 80-81.

CITY OF MATTOON, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY COMPONENT UNITS

For the Year Ended April 30, 2014

	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 1,372,591	\$ 1,398,877	\$ 2,771,468
Plan members	227,576	198,792	426,368
Total contributions	<u>1,600,167</u>	<u>1,597,669</u>	<u>3,197,836</u>
Investment income:			
Interest income	211,435	250,146	461,581
Dividend income	2,526	926	3,452
Net increase in fair value of investments	<u>1,160,851</u>	<u>690,493</u>	<u>1,851,344</u>
Net investment income	<u>1,374,812</u>	<u>941,565</u>	<u>2,316,377</u>
Total additions	<u>2,974,979</u>	<u>2,539,234</u>	<u>5,514,213</u>
Deductions:			
Benefits and refunds of contributions	1,794,438	2,059,393	3,853,831
Administrative expenses	<u>46,405</u>	<u>10,730</u>	<u>57,135</u>
Total deductions	<u>1,840,843</u>	<u>2,070,123</u>	<u>3,910,966</u>
Change in net position	1,134,136	469,111	1,603,247
Net position held in trust - beginning	<u>15,386,086</u>	<u>15,566,971</u>	<u>30,953,057</u>
Net position held in trust - ending	<u>\$ 16,520,222</u>	<u>\$ 16,036,082</u>	<u>\$ 32,556,304</u>

ACCOMPANYING INFORMATION SECTION

CITY OF MATTOON, ILLINOIS

LEGAL DEBT MARGIN
(UNAUDITED)

April 30, 2014

Assessed valuation, 2013 levy		<u>\$ 189,874,102</u>
Statutory debt limitation: (8.625% of assessed valuation)		\$ 16,376,641
Total debt:		
General obligation bonds	\$ (12,420,000)	
Capital leases	(413,670)	
Notes payable	<u>(10,240,955)</u>	
Total debt		(23,074,625)
Less debt exempt from statutory debt limitation computation:		
General obligation bonds	12,420,000	
Notes payable - IEPA loans	<u>8,026,405</u>	
Total debt exempt from statutory debt limitation		<u>20,446,405</u>
Legal debt margin		<u>\$ 13,748,421</u>

COMPLIANCE SECTION

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
& Business Advisers
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

INDEPENDENT AUDITOR'S 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*

Honorable Mayor and Members of the City Council
City of Mattoon, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mattoon, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Mattoon's basic financial statements, and have issued our report thereon dated November 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mattoon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mattoon's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses (14-01, 14-02, 14-03).

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 accompany Schedule of Findings and Responses to be significant deficiencies (14-04, 14-05).

INDEPENDENT AUDITOR'S 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* (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mattoon's 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*.

City of Mattoon's Responses to Findings

The City of Mattoon's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Mattoon's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Mattoon's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mattoon's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Doehring, Winders & Co. LLP

Mattoon, Illinois
November 13, 2014

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended April 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
• Noncompliance material to financial statements noted?	No

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
For the Year Ended April 30, 2014

FINDING NO. 14-01 - Controls Over Financial Statement Preparation

Criteria/specific requirement

A system of internal controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP) is necessary to prepare GAAP based financial statements including all disclosures.

Condition:

As is common with organizations its size, the City does not currently prepare its own financial statements, complete with notes, in accordance with accounting principles generally accepted in the United States of America. Statements on Auditing Standards do not provide exceptions to financial reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive.

During the audit and preparation of the City of Mattoon's financial statements, we noted the City of Mattoon's accounting records required material year-end adjusting journal entries to conform to generally accepted accounting principles. In addition, significant year-end adjusting journal entries were required to convert the City of Mattoon's individual fund financial statements to government-wide financial statements. Proposed adjusting entries were approved and accepted by the City of Mattoon's management.

Effect:

The City of Mattoon management or its 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:

The City has limited resources to prepare GAAP based financial statements including all disclosures.

Recommendation:

We recommend that the City continually monitor the cost/benefit analysis of preparing its own financial statements, complete with notes, in conformity with accounting principles generally accepted in the United States of America.

Management's Response:

The City meets all audit reporting requirements including those under GASB and will continue to do so in the future. Currently, the City Treasurer and other personnel review the annual financial statements. As additional resources become available, the City will review the cost/benefit involved with preparing the financial statements.

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
For the Year Ended April 30, 2014

**FINDING NO. 14-02 - Inadequate Controls over Capital Assets
(Repeat of 13-04, 12-05, and 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 effectively record capital outlay during the year. Capital outlay transactions may be recorded to various functional expenditure accounts or have non-capital outlay transactions included in capital outlay. When assets are disposed of, sometimes the proceeds are not reported in a sale of capital asset account. The City does not keep track of these dispositions during the year.

Effect:

The financial statements could be misstated due to incorrect classification of capital outlay expenditures. Assets sold, traded in, or otherwise disposed could cause the government-wide capital outlay balances and related depreciation to be overstated.

Cause:

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

Recommendation:

The City should implement a system to ensure that capital asset information is maintained to identify asset description, date purchased, cost, and other information necessary to properly account for these assets. The accounts used to record capital outlay should be limited to the minimum number required to properly accumulate costs for projects. 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 appropriately.

Management's Response:

A Mobile Equipment Fund has been established as a funding mechanism for future capital purchases and is used for budgeting and to record capital purchases. A central data base of all capital assets will be developed when resources become available.

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
For the Year Ended April 30, 2014

FINDING NO. 14-03 - Ambulance Billing Cycle

Criteria/specific requirement

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

Condition:

The ambulance billing software is separate from the general ledger accounting software. The ambulance unit prepares its own billings, monitors ambulance receivables, and receives ambulance payments. There is no evidence of review of ambulance billings, which could result in erroneous billings. The finance department is not provided with and does not retain a copy of an ambulance accounts receivable aging schedule. A lack of segregation of duties exists as ambulance payments are received by the same employee that bills and records transactions. Checks are forwarded to the finance department to make the deposit and to record cash collection activity in the general ledger. The finance department converts ambulance revenue to the accrual basis at year end by adjusting for beginning and ending accounts receivable.

During the audit of the City of Mattoon's financial statements, the following were noted:

- * Significant adjusting journal entries were required to adjust ambulance revenue and receivables in reconciling the ambulance billing software to the general ledger. In addition, the determination of the allowance for uncollectible ambulance receivables also required significant adjustment.
- * As a result of recording ambulance revenue from cash collections throughout the year in the general ledger, ambulance bad debt expense was not recorded. Accounts are written off directly through the ambulance billing software; therefore, ambulance bad debt expense is not recorded in the financial statements resulting in an understatement of revenues and related expense.
- * The City does not charge its employees or retired employees participating in the City's health insurance plan for ambulance services, even though there is no board resolution or other formal documentation in place to reflect this practice.

Effect

The financial statements could be misstated due to receivables that were not reported to the finance department since a reconciliation of the billing program and general ledger ambulance revenue was not performed. In addition, the lack of segregation of duties could lead to the misappropriation of assets.

Cause:

There are limited procedures in place for the review and approval of ambulance invoices by the finance department. In addition, one employee in the ambulance unit is responsible for preparing ambulance invoices, receiving payments and posting payments to customer accounts, which results in inadequate segregation of duties.

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
For the Year Ended April 30, 2014

FINDING NO. 14-03 - Ambulance Billing Cycle (Continued)

Recommendation:

The City should develop a more effective function to effectively connect the billing and accounting programs enabling more accurate recording of ambulance revenues and receivables. Employee duties should be segregated sufficiently so that custody of assets and recordkeeping is separated. Controls should be in place to indicate that review of transactions is evident. Coordination of personnel between the ambulance unit and the finance department could alleviate the segregation of duties issue noted above.

Further, appropriate authorized guidelines should exist for determination of when City services are not to be charged to City employees and retirees.

Management's Response:

Duties will be reassigned so that the billing clerk does not receive ambulance payments. In addition, the Finance Department will reconcile the Accounts Receivable aging from the billing program to the General Ledger monthly. The City will consider formalizing guidance for billing ambulance use by City employees and retirees.

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
For the Year Ended April 30, 2014

FINDING NO. 14-04 - Inadequate Internal Controls in the Governmental Component Unit

Criteria/specific requirement

Proper internal controls should be in place to provide reasonable assurance that transactions are properly authorized, recorded, and monitored.

Condition:

During our audit, we noted the following:

- * The Mattoon Public Library does not have sufficient segregation of duties over cash collections. One individual can receive cash, record the transaction and make the bank deposit.
- * No evidence of timely review was noted on transaction documentation or reconciliations.
- * No evidence of review of payroll was noted.

Effect:

Inadequate segregation of duties can lead to misappropriation of funds whether intentional or unintentional. Inadequate internal controls can lead to misstatements occurring and not being detected or corrected in a timely manner.

Cause:

According to Mattoon Public Library personnel, adequate staffing is not available to provide appropriate segregation of duties.

Recommendation:

We recommend that the Mattoon Public Library strengthen its internal controls by implementing appropriate segregation of duties. The cash collection function should be segregated so that a different person is receiving, recording and depositing the cash. In addition, for each reconciliation or completed transaction, it should be evident that timely review has taken place.

Management's Response:

While the Mattoon Public Library has limited staffing, we will endeavor to segregate employee duties to strengthen internal controls.

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
For the Year Ended April 30, 2014

FINDING NO. 14-05 - Segregation of Duties over Cash

Criteria/specific requirement

The City of Mattoon should have adequate segregation of duties with respect to record-keeping and custody over cash.

Condition:

During our testing, we noted that an employee within the City's finance department has job duties that result in inadequate segregation of duties. The employee's job duties consist of opening mail, performing bank reconciliations, recording transactions in the accounting software, and making deposits at the bank. We also noted other finance department employees who had access to funds and had the ability to post transactions to the billings program.

Effect:

Not having an adequate segregation of duties increases the risk of errors or irregularities occurring and not being detected and corrected in a timely manner. It can also lead to misappropriation of funds, whether intentional or unintentional.

Cause:

Job duties are not appropriately segregated with controls implemented to reduce the risk or errors or irregularities occurring and not being timely detected.

Recommendation:

We recommend that the City segregate employee duties sufficiently to separate the custody of assets and recording of transactions. Further, controls should be established to ensure that errors or irregularities could be detected or corrected in a timely manner.

Management's Response:

The Assistant Finance Director's duties will be evaluated and modified accordingly. In addition, all adjustments made to Water and Sewer billings will be subject to review.