

CITY OF MATTOON, ILLINOIS  
FINANCIAL STATEMENTS  
WITH ACCOMPANYING INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED APRIL 30, 2015

CITY OF MATTOON, ILLINOIS  
 FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION  
 For the Year Ended April 30, 2015

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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, 2015, 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 auditor's 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, 2015, 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 Changes in the Employer's Net Pension Liability and Related Ratios on pages 80 and 81, pension plans' Schedule of Employer Contributions on page 82, pension plans' Schedules of Funding Progress and Employer Contributions on pages 83 and 84, post-employment healthcare benefit program's Schedule of Funding Progress on page 85, and budgetary comparison information on page 86, 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 16, 2015, 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.

Mattoon, Illinois  
November 16, 2015

*Doherty, Winters & Co. LLP*

## 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, 2015. 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 \$89,572,877 and total liabilities and deferred inflows of resources of \$37,440,187, resulting in a net position of \$52,132,690 as of April 30, 2015. Total assets and deferred outflows of resources increased from April 30, 2014 by \$474,372, total liabilities and deferred inflows of resources decreased from April 30, 2014 by \$1,021,481, and the net position increased from April 30, 2014 by \$1,495,853. Of the net position as of April 30, 2015, \$52,794,854 represents the City’s investment in capital assets, net of related debt, \$4,280,662 is held for restricted purposes, and (\$4,942,826) is unrestricted and available to meet the City’s ongoing obligations to its citizens and creditors. The City’s unrestricted cash position in the governmental activities increased by approximately \$.2 million, from \$10.5 million to \$10.7 million. The City’s unrestricted cash position in the business-type activities decreased by approximately \$.8 million, from \$3.3 million to \$2.5 million.

- The following table shows the changes in major revenue sources from fiscal year 2014 to 2015.

**City of Mattoon, Illinois  
Changes in Major Revenue Sources  
April 30, 2015**

<u>Source</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>
Intergovernmental Shared Revenues	\$ 9,791,099	\$ 9,545,840	\$ 245,259
Property Tax Revenues	4,408,874	4,300,660	108,214
Telecommunications taxes	834,879	803,001	31,878
Utility Tax Revenues	1,303,783	1,321,439	(17,656)
Water Fund Charges for Services	3,730,251	3,744,583	(14,332)
Sewer Fund Charges for Services	4,460,468	4,436,844	23,624
Charges for Services	1,576,710	1,445,835	130,875
Table Totals	<u>\$ 26,106,064</u>	<u>\$ 25,598,202</u>	<u>\$ 507,862</u>

Intergovernmental Shared Revenue has seen the largest increase, mostly due to increases in Sales Tax and Income and Use Taxes. The increase in Charges for Services is mainly due to increased revenue from the provision of ambulance services. Property taxes have also increased but are generally restricted due to the Property Tax Extension Limitation Law (PTELL). All other revenue sources remain relatively stable.

- The City has long term capital improvement plans for all funds. In addition, a Mobile Equipment Fund functions as the funding mechanism for the replacement of the City's aging vehicle fleet. Lastly, the City has continued to upgrade the technology used in operations and for the improvement of utility services.

- 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 115 through 116 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 more than \$50 million as of April 30, 2015. 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.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current & Other Assets	\$19,585,669	\$19,161,364	\$4,637,492	\$4,425,662	\$24,223,161	\$23,587,026
Deferred outflows of resources	17,552	25,225	39,347	87,360	56,899	112,585
Capital Assets (net)	26,692,214	26,309,885	36,671,513	37,154,645	63,363,727	63,464,530
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$46,295,435</b>	<b>\$45,496,474</b>	<b>\$41,348,352</b>	<b>\$41,667,667</b>	<b>\$87,643,787</b>	<b>\$87,164,141</b>
Current Liabilities	\$1,013,275	\$1,344,708	\$657,161	\$641,624	\$1,670,436	\$1,986,332
Deferred inflows of resources	4,619,314	4,540,197	-	-	4,619,314	4,540,197
Non-current Liabilities	19,418,208	18,538,946	11,600,815	13,248,023	31,019,023	31,786,969
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$25,050,797</b>	<b>\$24,423,851</b>	<b>\$12,257,976</b>	<b>\$13,889,647</b>	<b>\$37,308,773</b>	<b>\$38,313,498</b>
Net Investment in Capital Assets	\$23,271,370	\$23,073,143	\$27,700,727	\$26,421,582	\$50,972,097	\$49,494,725
Restricted	4,249,042	3,676,383	-	-	4,249,042	3,676,383
Unrestricted	(6,275,774)	(5,676,903)	1,389,649	1,356,438	(4,886,125)	(4,320,465)
<b>Total Net Position</b>	<b>\$21,244,638</b>	<b>\$21,072,623</b>	<b>\$29,090,376</b>	<b>\$27,778,020</b>	<b>\$50,335,014</b>	<b>\$48,850,643</b>
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	85%	86%	237%	200%	135%	128%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	(25.1%)	(23.2%)	11.3%	9.8%	(13.1%)	(11.3%)

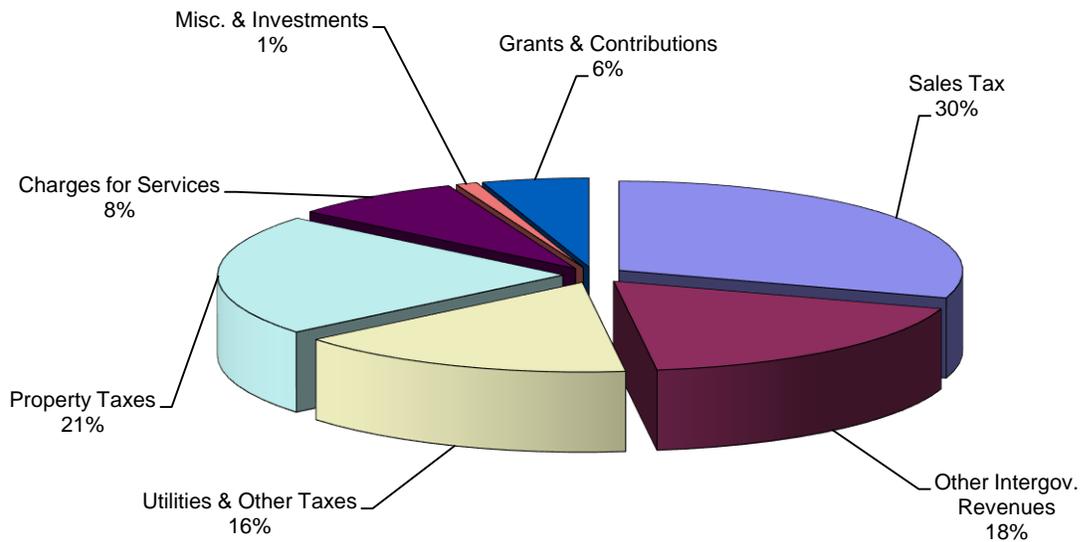
As of April 30, 2015, the Governmental Activities have a negative Unrestricted Net Position of \$6,275,774. The Business-Type Activities have an unrestricted net position of \$1,389,649. Overall, the City is able to report positive balances in net position for the governmental activities as well as business-type 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	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$1,576,710	\$1,445,835	\$8,190,719	\$8,181,427	\$9,767,429	\$9,627,262
Operating Grants & Contr.	733,552	363,060	0	0	733,552	363,060
Capital Grants & Contr.	419,541	9,977	0	0	419,541	9,977
General Revenues						
Property Taxes	4,408,874	4,300,660	0	0	4,408,874	4,300,660
Sales Taxes	6,134,190	5,984,537	0	0	6,134,190	5,984,537
Utility Taxes	1,303,783	1,321,439	0	0	1,303,783	1,321,439
Telecommunication Taxes	834,879	803,001	0	0	834,879	803,001
Other Taxes	1,206,083	1,239,394	0	0	1,206,083	1,239,394
Other Intergovern. Rev.	3,656,909	3,561,303	0	0	3,656,909	3,561,303
Investments Income	18,917	21,193	8,121	9,689	27,038	30,882
Miscellaneous Income	145,037	122,392	0	0	145,037	122,392
Gain (Loss) on Sale of Assets	72,298	1,031	15,500	10,594	87,798	11,625
<b>Total Revenue</b>	<b>20,510,773</b>	<b>19,173,822</b>	<b>8,214,340</b>	<b>8,201,710</b>	<b>28,725,113</b>	<b>27,375,532</b>
<b>Expenses</b>						
Program Expenses						
General Government	2,526,794	2,494,026	0	0	2,526,794	2,494,026
Public Safety	11,998,339	11,350,913	0	0	11,998,339	11,350,913
Public Works	2,972,654	2,882,281	0	0	2,972,654	2,882,281
Health and Welfare	213,429	205,047	0	0	213,429	205,047
Culture and Recreation	1,820,620	1,915,342	0	0	1,820,620	1,915,342
Economic Development	333,160	323,811	0	0	333,160	323,811
Interest on Long-Term Debt	473,762	503,401	0	0	473,762	503,401
Water	0	0	3,258,992	3,335,898	3,258,992	3,335,898
Sewer	0	0	3,642,992	3,661,293	3,642,992	3,661,293
<b>Total Expenses</b>	<b>20,338,758</b>	<b>19,674,821</b>	<b>6,901,984</b>	<b>6,997,191</b>	<b>27,240,742</b>	<b>26,672,012</b>
Increase (decrease) in net position						
before transfers	172,015	(500,999)	1,312,356	1,204,519	1,484,371	703,520
Transfers	0	139,194	0	(139,194)	0	0
<b>Changes in Net Position</b>	<b>172,015</b>	<b>(361,805)</b>	<b>1,312,356</b>	<b>1,065,325</b>	<b>1,484,371</b>	<b>703,520</b>
Net Position - May 1	21,072,623	21,434,428	27,778,020	26,712,695	48,850,643	48,147,123
<b>Net Position - April 30</b>	<b>\$21,244,638</b>	<b>\$21,072,623</b>	<b>\$29,090,376</b>	<b>\$27,778,020</b>	<b>\$50,335,014</b>	<b>\$48,850,643</b>

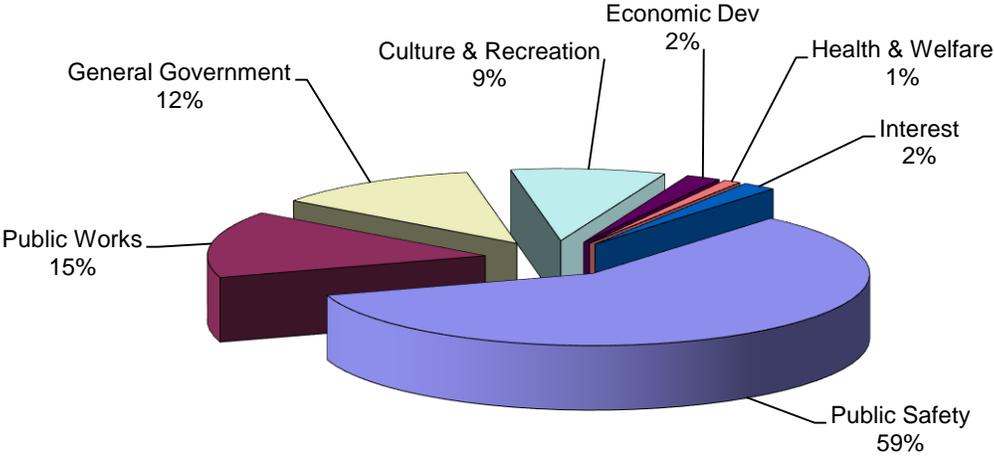
The following chart illustrates how governmental activities are funded. Sales taxes provided thirty percent (30%) of the governmental activities revenue. Other intergovernmental revenues (state shared taxes) provided eighteen percent (18%) of the governmental activities revenue. Property taxes provided twenty-one percent (21%) of the governmental activities revenue. Utility taxes and other taxes provided sixteen percent (16%) of the governmental activities revenue. Taxes, in one form or another, comprised eighty-five percent (85%) of the governmental activities revenue. The remaining fifteen percent (15%) came from Charges for Services, eight percent (8%), Miscellaneous and Investment Revenue, one percent (1%), and Grants and Contributions, six percent (6%).

### Governmental Activities Revenue



The following chart illustrates the expenses of the governmental activities. Public safety (fire and police protection) comprised fifty-nine percent (59%) 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 twelve percent (12%) of the total expenses of the governmental activities. The remaining fourteen percent (14%) came from expenses for culture and recreation, nine percent (9%), economic development, two percent (2%), 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, 2015, the City of Mattoon's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$12,305,042, an increase of \$352,270 from April 30, 2014. Of the ending fund balances total, \$411,095 is considered nonspendable, \$3,375,969 is restricted, \$3,591,379 is committed, \$339,194 is assigned, and \$4,587,405 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 eighty-nine percent (89%) of revenues. Public safety and public works are the primary operations of the General Fund. Approximately sixty-one percent (61%) of the General Fund expenditures of \$17 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 ten percent (10%) of the General Fund's costs are derived from the public works operations.

The General Fund has a fund balance of \$5,096,383, an increase of \$666,172 over the balance as of April 30, 2014. The increase is mainly due to conservative budgeting and spending. The Capital Projects Fund has a fund balance of \$3,555,694, a decrease of \$411,290 from the balance as of April 30, 2014. 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 completion during the fiscal year ending April 30, 2016.

With regard to the Other Governmental Funds, the Motor Fuel Tax Fund had a total fund balance of \$1,447,078, the Revolving Loan Fund had a total fund balance of \$1,087,385, the Midtown TIF district fund had a fund balance of \$397,450, and the Broadway East Business district had a fund balance of \$360,484. 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 Midtown TIF district fund is used to account for revenues and expenditures for implementation of the Mattoon Midtown Redevelopment Plan and Project. 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, 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, 2015 of \$360,568. The total accumulated fund balances of all of the Other Governmental Funds increased by \$97,388 during the year ended April 30, 2015.

## **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, 2015 was \$29,090,376, an increase of \$1,312,356 from the previous year.

For the year ended April 30, 2015, operating revenues in the Water Fund totaled \$3,730,251 (a decrease of \$14,332 from fiscal year 2014), operating expenses totaled \$3,134,221 (a decrease of \$48,818 from fiscal year 2014) producing operating income of \$596,030 (an increase of \$34,486 from fiscal year 2014). Non-operating revenues and expenses netted a decrease in net position of \$103,088, leaving a profit or increase to net position in the Water Fund of \$492,942. The City Council began implementing a series of water rate increases May 1, 2010 and the final increase became effective on May 1, 2015.

For the year ended April 30, 2015, revenues in the Sewer Fund totaled \$4,460,468 (an increase of \$23,624 from fiscal year 2014), operating expenses totaled \$3,430,542 (an increase of \$157 from fiscal year 2014) producing operating income of \$1,029,926 (an increase of \$23,467 from fiscal year 2014). Non-operating revenues and expenses netted a decrease in net position of \$210,512, leaving a profit or increase to net position in the Sewer fund of \$819,414. The Sewer Fund has had a series of rate increases over the last ten years with fiscal year 2015 being the final 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 86. The final fiscal year 2015 General Fund budget authorized expenditures and other financing uses of \$17,809,456 funded by anticipated revenues and other financing sources of \$17,905,866 leaving the amount of revenues and other financing sources over expenditures and other financing uses of \$96,410. The actual amount of expenditures and other financing uses under revenues and other financing sources was \$666,172, a positive budget to actual variance of \$569,762.

The largest variance in General Fund revenues was from intergovernmental revenues. Intergovernmental revenues exceeded the budgeted amount by \$139,452 primarily due to video gaming and use tax collections being greater than anticipated. Contributions and miscellaneous revenues exceeded the budgeted amount by \$45,487 largely due to contributions to Lightworks and Bagelfest being larger than expected. General Fund expenditures had an overall variance of \$193,698. The repayment of debt as part of the 2014 bond refunding was not budgeted. In addition, there were positive variances in General Government of \$124,015 and in Public Works of \$96,925.

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 99.

## 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, 2015. As summarized in the table below, the City's reported investment in capital assets for governmental and business-type activities as of April 30, 2015 totaled \$156.4 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 \$93.1 million, or sixty percent (59%) of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is \$63.3 million.

#### City of Mattoon, Illinois Capital Assets, Net of Accumulated Depreciation April 30, 2015

Classification	Governmental Activities	Business-type Activities	Total
Land	\$ 3,200,047	\$ 587,155	\$ 3,787,202
Buildings and Improvements	10,390,430	13,235,074	23,625,504
Equipment, furniture and vehicles	6,206,945	4,034,533	10,241,478
Improvements other than buildings	4,247,009	215,627	4,462,636
Infrastructure	60,070,481	-	60,070,481
Treat. collect. and distrib. systems	-	51,636,524	51,636,524
Construction in Progress	704,266	1,886,735	2,591,001
Subtotal	<u>84,819,178</u>	<u>71,595,648</u>	<u>156,414,826</u>
Less Accumulated Depreciation	<u>(58,126,964)</u>	<u>(34,924,135)</u>	<u>(93,051,099)</u>
Total	<u>\$ 26,692,214</u>	<u>\$ 36,671,513</u>	<u>\$ 63,363,727</u>

## Long-Term Liabilities

On April 30, 2015, the City of Mattoon had \$31,019,023 of long-term liabilities outstanding (a decrease of \$767,946 from April 30, 2014), as summarized in the following table:

**City of Mattoon, Illinois**  
**General Obligation Bonds, Notes Outstanding and Other Long-Term Liabilities**  
**April 30, 2015**

<b>Classification</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
General Obligation Bonds	\$ 9,212,400	\$ 8,865,122	\$ 18,077,522
Notes Payable	1,226,338	844,319	2,070,657
Capital Leases	370,604	-	370,604
Compensated Absences	1,025,001	225,786	1,250,787
Net Pension Obligation	1,323,110	-	1,323,110
Post-Employment Healthcare	6,260,755	1,665,588	7,926,343
Total	<u>\$ 19,418,208</u>	<u>\$ 11,600,815</u>	<u>\$ 31,019,023</u>

The Series 2005 General Obligation Bonds as well as two Illinois EPA notes were refunded during the year in order to decrease interest costs. This resulted in an increase in the amount of General Obligation Bonds and a decrease in Notes Payable in the Business-type Activities.

The liability for Compensated Absences increased \$51,870, the Net Pension Obligation increased \$648,839, and the Post-Employment Healthcare Benefits liabilities increased \$1,182,591 during this fiscal year. The other existing liabilities decreased by \$2,651,246 from April 30, 2014. 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](http://www.mattoonillinois.org)). If anyone has any questions about this report or needs additional financial information about the City of Mattoon, please contact the Finance Department at 208 North 19<sup>th</sup> Street, Mattoon, Illinois, 61938. Finance Department staff can also be reached at (217) 235-5483.

BASIC FINANCIAL STATEMENTS

## CITY OF MATTOON, ILLINOIS

## STATEMENT OF NET POSITION

April 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Mattoon Public Library
<b>Assets:</b>				
Cash and cash equivalents	\$ 10,717,541	\$ 2,540,031	\$ 13,257,572	\$ 94,681
Investments, at fair value	-	-	-	5,995
Receivables	7,948,517	1,092,032	9,040,549	-
Internal balances	6,967	(6,967)	-	-
Due from primary government	-	-	-	669
Due from component units	33,792	-	33,792	-
Prepaid items	161,852	6,250	168,102	-
Advances to component units	70,946	-	70,946	-
<b>Restricted assets:</b>				
Cash and cash equivalents	299,687	1,006,146	1,305,833	-
Certificates of deposit	8,719	-	8,719	-
Investments, at fair value	-	-	-	31,620
Cemetery development	60,652	-	60,652	-
Long-term receivables	276,996	-	276,996	-
<b>Capital assets, net of depreciation</b>				
Land	3,200,047	587,155	3,787,202	-
Buildings and building improvements	7,246,683	7,831,987	15,078,670	1,762,917
Improvements other than buildings	3,792,684	60,303	3,852,987	-
Treatments, collection and distribution systems	-	24,934,318	24,934,318	-
Infrastructure	11,110,991	-	11,110,991	-
Equipment, furniture and vehicles	637,543	1,371,015	2,008,558	33,208
Construction in progress	704,266	1,886,735	2,591,001	-
<b>Total assets</b>	<b>46,277,883</b>	<b>41,309,005</b>	<b>87,586,888</b>	<b>1,929,090</b>
<b>Deferred outflows of resources:</b>				
Advance refunding on debt charges	17,552	39,347	56,899	-
<b>Combined assets and deferred outflows of resources</b>	<b>\$ 46,295,435</b>	<b>\$ 41,348,352</b>	<b>\$ 87,643,787</b>	<b>\$ 1,929,090</b>

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

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

April 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Mattoon Public Library
<b>Liabilities:</b>				
Accounts payable	\$ 486,147	\$ 328,049	\$ 814,196	\$ 2,382
Payroll liabilities payable	265,122	93,025	358,147	2,549
Accrued interest expense	40,652	80,140	120,792	2,274
Due to primary government	-	-	-	33,792
Due to component units	42,757	-	42,757	-
Unavailable revenue	172,194	-	172,194	-
Liabilities payable from restricted assets:				
Other payables	6,403	155,947	162,350	-
Advances from primary government	-	-	-	70,946
<b>Noncurrent Liabilities:</b>				
Due within one year	970,061	2,119,212	3,089,273	3,894
Due in more than one year	18,448,147	9,481,603	27,929,750	15,577
<b>Total liabilities</b>	<b>20,431,483</b>	<b>12,257,976</b>	<b>32,689,459</b>	<b>131,414</b>
<b>Deferred inflows of resources:</b>				
Subsequent year's property taxes	4,619,314	-	4,619,314	-
<b>Combined liabilities and deferred inflows of resources</b>	<b>25,050,797</b>	<b>12,257,976</b>	<b>37,308,773</b>	<b>131,414</b>
<b>Net Position:</b>				
Net investment in capital assets	23,271,370	27,700,727	50,972,097	1,745,332
Restricted for:				
Public safety	56,533	-	56,533	-
Highways and streets	1,447,078	-	1,447,078	-
Culture and recreation	11,398	-	11,398	-
Economic development	1,785,008	-	1,785,008	-
Cemetery maintenance	306,060	-	306,060	-
Capital assets	642,965	-	642,965	-
Permanent endowment:				
Nonexpendable	-	-	-	31,620
Unrestricted	(6,275,774)	1,389,649	(4,886,125)	20,724
<b>Total Net Position</b>	<b>\$ 21,244,638</b>	<b>\$ 29,090,376</b>	<b>\$ 50,335,014</b>	<b>\$ 1,797,676</b>

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

CITY OF MATTOON, ILLINOIS  
STATEMENT OF ACTIVITIES  
For the Year Ended April 30, 2015

Functions/Programs:	Program Revenues				Net Revenue (Expense) and Changes in Net Position			Component Unit Mattoon Public Library
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 2,526,794	\$ 268,849	\$ -	\$ -	\$ (2,257,945)	\$ -	\$ (2,257,945)	
Public safety	11,998,339	840,152	130,517	40,199	(10,987,471)	-	(10,987,471)	
Public works	2,972,654	38,357	13,880	379,342	(2,541,075)	-	(2,541,075)	
Health and welfare	213,429	116,231	-	-	(97,198)	-	(97,198)	
Culture and recreation	1,820,620	313,121	492,710	-	(1,014,789)	-	(1,014,789)	
Economic development	333,160	-	96,445	-	(236,715)	-	(236,715)	
Interest on long-term debt	473,762	-	-	-	(473,762)	-	(473,762)	
Total governmental activities	<u>20,338,758</u>	<u>1,576,710</u>	<u>733,552</u>	<u>419,541</u>	<u>(17,608,955)</u>	<u>-</u>	<u>(17,608,955)</u>	
Business-type activities:								
Water	3,258,992	3,730,251	-	-	-	471,259	471,259	
Sewer	3,642,992	4,460,468	-	-	-	817,476	817,476	
Total business-type activities	<u>6,901,984</u>	<u>8,190,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,288,735</u>	<u>1,288,735</u>	
Total primary government	<u>\$ 27,240,742</u>	<u>\$ 9,767,429</u>	<u>\$ 733,552</u>	<u>\$ 419,541</u>	<u>(17,608,955)</u>	<u>1,288,735</u>	<u>(16,320,220)</u>	
Component Unit:								
Mattoon Public Library	<u>\$ 562,043</u>	<u>\$ 20,698</u>	<u>\$ 76,712</u>	<u>\$ -</u>				<u>\$ (464,633)</u>
General Revenues:								
Property taxes					4,009,586	-	4,009,586	-
TIF property tax increment					399,288	-	399,288	-
Telecommunications taxes					834,879	-	834,879	-
Utility taxes					1,303,783	-	1,303,783	-
Business district taxes					330,145	-	330,145	-
Other taxes					875,938	-	875,938	-
Payments from primary government					-	-	-	474,977
Sales taxes					6,134,190	-	6,134,190	-
Income and use taxes					2,277,900	-	2,277,900	-
Other intergovernmental revenues					1,379,009	-	1,379,009	-
Investment income					18,917	8,121	27,038	1,138
Miscellaneous income					145,037	-	145,037	-
Gain on sale of capital assets					72,298	15,500	87,798	-
Total general revenues and transfers					<u>17,780,970</u>	<u>23,621</u>	<u>17,804,591</u>	<u>476,115</u>
Change in net position					172,015	1,312,356	1,484,371	11,482
Net position - beginning					21,072,623	27,778,020	48,850,643	1,786,194
Net position - ending					<u>\$ 21,244,638</u>	<u>\$ 29,090,376</u>	<u>\$ 50,335,014</u>	<u>\$ 1,797,676</u>

CITY OF MATTOON, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,481,245	\$ 3,614,904	\$ 3,180,238	\$ 10,276,387
Receivables (net of allowance for uncollectibles)	7,215,835	-	685,796	7,901,631
Due from other funds	32,383	99,432	82	131,897
Due from component units	32,283	-	-	32,283
Prepaid items	2,500	-	-	2,500
Long-term receivables	-	-	276,996	276,996
Advances to component unit	70,946	-	-	70,946
Cemetery development	60,652	-	-	60,652
<b>Restricted assets:</b>				
Cash and cash equivalents	293,222	-	-	293,222
Certificates of deposit	8,719	-	-	8,719
<b>Total assets</b>	<b>\$ 11,197,785</b>	<b>\$ 3,714,336</b>	<b>\$ 4,143,112</b>	<b>\$ 19,055,233</b>
<b>Liabilities:</b>				
Accounts payable	\$ 226,601	\$ 2,392	\$ 55,346	\$ 284,339
Payroll liabilities payable	262,396	-	2,726	265,122
Due to other funds	152,599	-	325	152,924
Due to component units	42,088	-	-	42,088
Unavailable revenue	15,944	156,250	-	172,194
<b>Total liabilities</b>	<b>699,628</b>	<b>158,642</b>	<b>58,397</b>	<b>916,667</b>
Deferred inflows of resources	5,401,774	-	431,750	5,833,524
<b>Fund Balance:</b>				
Nonspendable	134,099	-	276,996	411,095
Restricted	-	-	3,375,969	3,375,969
Committed	35,685	3,555,694	-	3,591,379
Assigned	339,194	-	-	339,194
Unassigned	4,587,405	-	-	4,587,405
<b>Total fund balance</b>	<b>5,096,383</b>	<b>3,555,694</b>	<b>3,652,965</b>	<b>12,305,042</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 11,197,785</b>	<b>\$ 3,714,336</b>	<b>\$ 4,143,112</b>	<b>\$ 19,055,233</b>

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, 2015

Total fund balances - governmental funds	\$ 12,305,042
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.	26,692,214
Receivables not available to pay for current-period expenditures and, therefore, not reported in the funds.	1,214,210
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.	17,552
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds, net of related prepaid interest.	<u>(19,428,274)</u>
Net position of governmental activities	<u>\$ 21,244,638</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, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 6,631,053	\$ -	\$ 1,094,344	\$ 7,725,397
Licenses and permits	194,573	-	-	194,573
Intergovernmental revenues	9,234,327	198,345	788,423	10,221,095
Charges for services	1,271,306	-	-	1,271,306
Fines and forfeitures	140,755	-	-	140,755
Investment income	6,494	1,969	10,441	18,904
Contributions and miscellaneous revenues	360,597	20,831	359,097	740,525
<b>Total revenues</b>	<b>17,839,105</b>	<b>221,145</b>	<b>2,252,305</b>	<b>20,312,555</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,241,236	2,182	-	2,243,418
Public safety	10,490,812	-	-	10,490,812
Public works	1,642,956	-	437,593	2,080,549
Health and welfare	194,940	-	-	194,940
Culture and recreation	1,423,143	-	265,616	1,688,759
Economic development	50,000	-	283,160	333,160
Capital outlay	119,750	843,038	641,957	1,604,745
<b>Debt service:</b>				
Principal	1,002,873	250,000	176,075	1,428,948
Interest and fiscal charges	72,444	295,785	306,016	674,245
<b>Total expenditures</b>	<b>17,238,154</b>	<b>1,391,005</b>	<b>2,110,417</b>	<b>20,739,576</b>
Excess (deficiency) of revenues over (under) expenditures	600,951	(1,169,860)	141,888	(427,021)
<b>Other financing sources (uses):</b>				
Transfers in	44,500	758,570	-	803,070
Transfers out	(758,570)	-	(44,500)	(803,070)
Debt proceeds	685,000	-	-	685,000
Bond premiums	19,568	-	-	19,568
Proceeds from sale of assets	74,723	-	-	74,723
<b>Total other financing sources (uses)</b>	<b>65,221</b>	<b>758,570</b>	<b>(44,500)</b>	<b>779,291</b>
Net change in fund balances	666,172	(411,290)	97,388	352,270
Fund balance - beginning	4,430,211	3,966,984	3,555,577	11,952,772
Fund balance - ending	<u>\$ 5,096,383</u>	<u>\$ 3,555,694</u>	<u>\$ 3,652,965</u>	<u>\$ 12,305,042</u>

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, 2015

Net change in fund balances	\$ 352,270
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement, of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	384,753
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.	(2,425)
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.	125,919
The Statement of Activities amortizes the advance refunding of debt charges. The effect is to decrease net position in the current year.	(4,787)
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.	731,219
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>(1,414,934)</u>
Change in net position of governmental activities	<u>\$ 172,015</u>

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

CITY OF MATTOON, ILLINOIS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

April 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 494,944	\$ 2,045,087	\$ 2,540,031	\$ 441,154
Receivables	457,667	634,365	1,092,032	46,886
Due from other funds	4,774	8,158	12,932	73,391
Due from component units	-	-	-	1,509
Prepaid items	-	6,250	6,250	128,766
Restricted assets:				
Cash and cash equivalents	590,438	415,708	1,006,146	6,465
Total current assets	1,547,823	3,109,568	4,657,391	698,171
Noncurrent assets:				
Capital assets:				
Land	378,724	208,431	587,155	-
Buildings and building improvements	12,125,219	1,109,855	13,235,074	-
Improvements other than buildings	204,624	11,003	215,627	-
Treatment, collection and distribution systems	12,940,896	38,695,628	51,636,524	-
Equipment, furniture and vehicles	2,092,378	1,942,155	4,034,533	-
Construction in progress	88,625	1,798,110	1,886,735	-
Less: accumulated depreciation	(12,235,745)	(22,688,390)	(34,924,135)	-
Total noncurrent assets	15,594,721	21,076,792	36,671,513	-
Total assets	17,142,544	24,186,360	41,328,904	698,171
Deferred outflows of resources:				
Advance refunding on debt charges	16,154	23,193	39,347	-
Combined assets and deferred outflows of resources	\$ 17,158,698	\$ 24,209,553	\$ 41,368,251	\$ 698,171

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

CITY OF MATTOON, ILLINOIS

STATEMENT OF NET POSITION (Continued)  
 PROPRIETARY FUNDS

April 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Liabilities:				
Current liabilities:				
Accounts payable	\$ 106,962	\$ 221,087	\$ 328,049	\$ 201,808
Payroll liabilities payable	39,228	53,797	93,025	-
Accrued interest	26,736	53,404	80,140	-
Due to other funds	9,617	10,282	19,899	45,397
Due to component unit	-	-	-	669
Compensated absences payable - current	24,679	20,478	45,157	-
General obligation bonds - current	1,060,000	865,000	1,925,000	-
Notes payable - current	64,964	84,091	149,055	-
Payable from restricted assets:				
Other payables	155,947	-	155,947	6,403
Total current liabilities	<u>1,488,133</u>	<u>1,308,139</u>	<u>2,796,272</u>	<u>254,277</u>
Noncurrent liabilities:				
Long-term debt payable:				
General obligation bonds payable (net of unamortized discounts and premiums)	1,986,667	4,953,455	6,940,122	-
Notes payable	349,875	345,389	695,264	-
Compensated absences payable	98,717	81,912	180,629	-
Post-employment healthcare benefits obligation	817,807	847,781	1,665,588	-
Total noncurrent liabilities	<u>3,253,066</u>	<u>6,228,537</u>	<u>9,481,603</u>	<u>-</u>
Total liabilities	<u>4,741,199</u>	<u>7,536,676</u>	<u>12,277,875</u>	<u>254,277</u>
Net position:				
Net investment in capital assets	12,549,542	15,151,185	27,700,727	-
Unrestricted	<u>(132,043)</u>	<u>1,521,692</u>	<u>1,389,649</u>	<u>443,894</u>
Total net position	<u>\$ 12,417,499</u>	<u>\$ 16,672,877</u>	<u>\$ 29,090,376</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, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Operating revenues:				
Charges for services	\$ 3,730,251	\$ 4,460,468	\$ 8,190,719	\$ -
Fund charges and employee contributions	-	-	-	4,874,674
Miscellaneous operating revenues	-	-	-	141,380
Total operating revenues	<u>3,730,251</u>	<u>4,460,468</u>	<u>8,190,719</u>	<u>5,016,054</u>
Operating expenses:				
Reservoirs and sources of supply	25,720	-	25,720	-
Water treatment plant	926,710	-	926,710	-
Water distribution	565,663	-	565,663	-
Sewer collection system	-	439,631	439,631	-
Sewer lift stations	-	52,594	52,594	-
Wastewater treatment plant	-	959,446	959,446	-
Accounting and collection	391,978	374,899	766,877	-
Administrative and general	539,565	633,942	1,173,507	297,151
Insurance	-	-	-	1,055,964
Health claims and uninsured judgments	-	-	-	3,662,943
Depreciation	684,585	970,030	1,654,615	-
Total operating expenses	<u>3,134,221</u>	<u>3,430,542</u>	<u>6,564,763</u>	<u>5,016,058</u>
Operating income (loss)	<u>596,030</u>	<u>1,029,926</u>	<u>1,625,956</u>	<u>(4)</u>
Nonoperating revenues (expenses):				
Investment income	6,183	1,938	8,121	4
Interest expense	(99,859)	(154,652)	(254,511)	-
Gain on sale of capital assets	15,500	-	15,500	-
Bond issuance costs	(24,912)	(57,798)	(82,710)	-
Total nonoperating revenues (expenses)	<u>(103,088)</u>	<u>(210,512)</u>	<u>(313,600)</u>	<u>4</u>
Change in net position	492,942	819,414	1,312,356	-
Total net position - beginning	<u>11,924,557</u>	<u>15,853,463</u>	<u>27,778,020</u>	<u>443,894</u>
Total net position - ending	<u>\$ 12,417,499</u>	<u>\$ 16,672,877</u>	<u>\$ 29,090,376</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, 2015

	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	\$ 3,721,544	\$ 4,373,303	\$ 8,094,847	\$ -
Receipts from interfund services provided	-	-	-	3,828,517
Receipts from component units	-	-	-	73,015
Receipts from employees and retirees	-	-	-	851,498
Payments to employees	(957,236)	(946,727)	(1,903,963)	-
Payments to suppliers	(944,434)	(908,964)	(1,853,398)	(1,393,118)
Payments to claimants	-	-	-	(3,586,438)
Payments for interfund services used	(386,317)	(461,082)	(847,399)	-
Other receipts	-	-	-	103,798
Net cash provided (used) by operating activities	<u>1,433,557</u>	<u>2,056,530</u>	<u>3,490,087</u>	<u>(122,728)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(224,917)	(946,564)	(1,171,481)	-
Principal payments on debt	(1,124,603)	(1,004,812)	(2,129,415)	-
Interest and fiscal charges	(68,125)	(33,460)	(101,585)	-
Proceeds from sale of assets	15,500	-	15,500	-
Net cash (used) for capital and related financing activities	<u>(1,402,145)</u>	<u>(1,984,836)</u>	<u>(3,386,981)</u>	<u>-</u>
Cash flows from investing activities:				
Investment income received (net of expense)	6,183	1,938	8,121	4
Net cash provided by investing activities	<u>6,183</u>	<u>1,938</u>	<u>8,121</u>	<u>4</u>
Net increase (decrease) in cash	37,595	73,632	111,227	(122,724)
Cash, restricted and unrestricted - beginning	<u>1,047,787</u>	<u>2,387,163</u>	<u>3,434,950</u>	<u>570,343</u>
Cash, restricted and unrestricted - ending	<u>\$ 1,085,382</u>	<u>\$ 2,460,795</u>	<u>\$ 3,546,177</u>	<u>\$ 447,619</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, 2015

	<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)	\$ 596,030	\$ 1,029,926	\$ 1,625,956	\$ (4)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	684,585	970,030	1,654,615	-
(Increase) decrease in assets:				
(Increase) in receivables	(45,394)	(87,166)	(132,560)	(44,606)
(Increase) decrease in due from other funds	4,973	7,085	12,058	(73,391)
(Increase) in prepaid items	-	-	-	(4,800)
(Increase) in due from component units	-	-	-	(1,509)
Increase (decrease) in liabilities:				
Increase (decrease) in accounts payable	38,702	(45,215)	(6,513)	41,189
Increase (decrease) in payroll liabilities payable	(3,176)	13,190	10,014	-
Increase (decrease) in due to other funds	9,617	10,282	19,899	(38,897)
(Decrease) in due to component units	-	-	-	(787)
Increase (decrease) in compensated absences payable	(23,303)	16,820	(6,483)	-
Increase in other post-employment benefits payable	134,836	141,578	276,414	-
Increase in other payables	36,687	-	36,687	77
Net cash provided (used) by operating activities	<u>\$ 1,433,557</u>	<u>\$ 2,056,530</u>	<u>\$ 3,490,087</u>	<u>\$ (122,728)</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, 2015

	<u>Pension Component Units</u>
<b>Assets:</b>	
Cash	\$ 1,835,069
Interest receivable	115,241
Prepaid expenses	4,608
Due from primary government	<u>42,088</u>
Total assets other than investments	<u>1,997,006</u>
<b>Investments, at fair value:</b>	
U.S. government obligations	8,785,701
Insurance contracts	21,547,704
Mutual funds	179,083
Stocks	<u>866,870</u>
Total investments	<u>31,379,358</u>
Total assets	<u>33,376,364</u>
<b>Liabilities:</b>	
Accounts payable	4,896
Pensions payable	<u>182,332</u>
Total liabilities	<u>187,228</u>
<b>Net Position:</b>	
Held in trust for pension benefits (a schedule of funding progress is presented on pages 83-84)	<u>\$ 33,189,136</u>

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, 2015

	<u>Pension Component Units</u>
Additions:	
Contributions:	
Employer	\$ 2,779,057
Plan members	<u>430,703</u>
Total contributions	<u>3,209,760</u>
Investment income:	
Interest income	413,471
Dividend income	25,378
Net increase in fair value of investments	<u>1,140,917</u>
Net investment income	<u>1,579,766</u>
Total additions	<u>4,789,526</u>
Deductions:	
Benefits and refunds of contributions	4,083,735
Administrative expenses	<u>72,959</u>
Total deductions	<u>4,156,694</u>
Change in net position	632,832
Net position held in trust - beginning	<u>32,556,304</u>
Net position held in trust - ending	<u><u>\$ 33,189,136</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, 2015

**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 a note issued for 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, 2015

**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 2015, the City implemented *GASB Statement No. 67, Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*. This statement is applicable to the Mattoon Police and Firefighters' Pension Plans presented as fiduciary component units. As a result of this new standard, each pension fund will disclose additional information regarding investments and expected rates of return.

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.

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

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2015

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2015

**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, 2015

**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, 2015

**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 2013 tax extension to the City on June 30, 2014, August 8, 2014, October 3, 2014, and November 24, 2014. The City Council adopted the 2014 tax levy (receivable in calendar year 2015) on December 16, 2014. The 2014 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 2016 expenditures. Property tax revenues recorded in these financial statements are from the 2013 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, 2015

**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, 2015

**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, 2015

**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, the demolition of dilapidated structures, and a tourism grant.

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, 2015

**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 \$4,249,042 of which \$2,101,441 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 15, 2014, and an amendment was approved on April 21, 2015.

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, 2015

**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	\$ (9,130,000)
Plus: bond premium (to be amortized as interest expense)	(82,400)
Prepaid interest	30,586
Accrued interest payable	(40,652)
Capital leases payable	(370,604)
Notes payable	(1,226,338)
Compensated absences payable	(1,025,001)
Net pension obligation	(1,323,110)
Post-employment healthcare benefits obligation	<u>(6,260,755)</u>
Net adjustment to reduce "total fund balances, governmental funds" to arrive at "net position of governmental activities"	<u><u>\$ (19,428,274)</u></u>

CITY OF MATTOON, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the Year Ended April 30, 2015

**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	\$ 1,604,745
Depreciation	<u>(1,219,992)</u>
Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	<u>\$ 384,753</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	\$ 72,298
Proceeds from sale of assets	<u>(74,723)</u>
Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	<u>\$ (2,425)</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**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	\$ 1,255,000
Capital leases	43,066
Notes payable	130,883
Debt proceeds, including bond premium	(704,568)
Amortization of bond premium	6,838
	6,838
Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	\$ 731,219

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	\$ (58,351)
Accrued interest	198,433
Net pension obligation	(648,839)
Post employment healthcare benefits obligation	(906,177)
	(906,177)
Net adjustment to reduce "net changes in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	\$ (1,414,934)

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**3 DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

At April 30, 2015, the carrying amount of the primary government's deposits was \$11,982,679 and the bank balance was \$12,059,422. The governmental component unit (Mattoon Public Library) had deposits with a carrying amount of \$94,466 and bank balances totaling \$74,638. The fiduciary component units had deposits with a carrying amount of \$1,835,069 and bank balances totaling \$1,840,922. 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, 2015, deposits at First Mid Illinois Bank & Trust and Prairie State Bank & Trust were fully insured or collateralized by the financial institutions. The City's cash balance at Prairie State Bank & Trust totaled \$4,761,332, with \$4,261,332 uninsured by FDIC, but fully collateralized by securities pledged by the financial institution. The City's cash balance at First Mid Illinois Bank & Trust totaled \$7,289,245, with \$6,789,245 uninsured by FDIC, but fully collateralized by securities pledged by the financial institution.

**B. INVESTMENTS**

At April 30, 2015, 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>\$ 2,588,715</u>	AAAm	Demand *

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

At April 30, 2015, 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>\$ 37,615</u>	N/A	N/A

At April 30, 2015, 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	\$ 8,785,701	AA+/AAA	20.57
Insurance contracts	21,547,704	A/A2	N/A
Mutual funds	179,083	N/A	N/A
Common stock	866,870	N/A	N/A
Total	<u>\$ 31,379,358</u>		

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**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, 2015

**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 (7.00%), the Federal National Mortgage Association (16.99%), and AIG Annuity Insurance Company annuities (26.80%), and Voya Insurance and Annuity Company annuities (37.16%).

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	\$ 11,982,679	\$ 94,466	\$ 1,835,069
Investments	2,588,715	37,615	31,379,358
Cash on hand	730	215	-
	<u>\$ 14,572,124</u>	<u>\$ 132,296</u>	<u>\$ 33,214,427</u>
Total deposits, investments and cash on hand			
	<u>\$ 14,572,124</u>	<u>\$ 132,296</u>	<u>\$ 33,214,427</u>
Cash, certificates of deposit and investments per statements:			
Cash and cash equivalents	\$ 13,257,572	\$ 94,681	\$ 1,835,069
Investments	-	5,995	31,379,358
Restricted assets:			
Cash and cash equivalents	1,305,833	-	-
Certificates of deposit	8,719	-	-
Investments, at fair value	-	31,620	-
	<u>\$ 14,572,124</u>	<u>\$ 132,296</u>	<u>\$ 33,214,427</u>
Total cash and cash equivalents, certificates of deposit and investments			
	<u>\$ 14,572,124</u>	<u>\$ 132,296</u>	<u>\$ 33,214,427</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**4 RECEIVABLES**

Receivables balances as of April 30, 2015, 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	\$ 4,214,000	\$ -	\$ -	\$ -	\$ 4,214,000
TIF property tax increment	-	-	405,315	-	405,315
Business district taxes	-	-	78,003	-	78,003
Utility taxes	111,041	-	-	-	111,041
Telecommunications taxes	204,617	-	-	-	204,617
Income and use taxes	838,215	-	-	-	838,215
Sales taxes	1,473,253	-	-	-	1,473,253
Personal property replacement taxes	111,953	-	-	-	111,953
Motor fuel taxes	-	-	83,675	-	83,675
Other taxes	43,425	-	59,509	-	102,934
Grants	2,066	-	-	-	2,066
Ambulance billing	83,128	-	-	-	83,128
Other receivables	134,137	-	59,294	46,886	240,317
<b>Totals</b>	<b>\$ 7,215,835</b>	<b>\$ -</b>	<b>\$ 685,796</b>	<b>\$ 46,886</b>	<b>\$ 7,948,517</b>

The ambulance billing receivable has been reduced by an allowance for uncollectible accounts of \$156,917.

	Business-Type Activities		
	Proprietary Funds		
	Water Fund	Sewer Fund	Totals
Customer receivables	\$ 456,467	\$ 633,015	\$ 1,089,482
Other receivables	1,200	1,350	2,550
<b>Totals</b>	<b>\$ 457,667</b>	<b>\$ 634,365</b>	<b>\$ 1,092,032</b>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**5 SCHEDULE OF PAYABLES AND RECEIVABLES WITHIN THE REPORTING ENTITY**

Payables and receivables between funds consisted of the following at April 30, 2015:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
<u>Governmental Funds:</u>		
General Fund	\$ 32,383	\$ 152,599
Capital Projects Fund	99,432	-
<u>Other Governmental Funds</u>		
Hotel and Motel Tax Fund	82	325
Total other governmental funds	82	325
Total governmental funds	131,897	152,924
<u>Proprietary Funds:</u>		
<u>Enterprise Funds:</u>		
Water Fund	4,774	9,617
Sewer Fund	8,158	10,282
Total Enterprise Funds	12,932	19,899
<u>Internal Service Funds:</u>		
Health Insurance Fund	73,391	-
Insurance and Tort Judgment Fund	-	45,397
Total Internal Service Funds	73,391	45,397
Total Proprietary Funds	86,323	65,296
Due To/From Other Funds	<u>\$ 218,220</u>	<u>\$ 218,220</u>

The amounts receivable to the General Fund, Hotel and Motel Tax Fund, Water Fund and Sewer Fund from the Insurance and Tort Judgment Fund are for overpayment of charges for services. 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, net of amounts owed for other capital improvements. The amounts receivable to the Health Insurance Fund from the General Fund, Hotel and Motel Tax Fund, Water Fund and Sewer Fund are for underpayment of charges for services.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**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, 2015:

Due between primary government and component units

Fund	Receivable	Payable
Primary Government:		
Governmental Fund:		
General Fund	\$ 32,283	\$ 42,088
Proprietary Funds:		
Internal Service Funds:		
Health Insurance Fund	1,509	-
Insurance and Tort Judgment Fund	-	669
Total Internal Service Funds	1,509	669
Total Primary Government	33,792	42,757
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	669	33,792
Fiduciary Component Units:		
Mattoon Firefighters Pension Fund	21,044	-
Mattoon Police Pension Fund	21,044	-
Total Fiduciary Component Units	42,088	-
Total Component Units	42,757	33,792
Due between primary government and component units	\$ 76,549	\$ 76,549

The amount receivable to the General Fund from the Library is the reimbursement of expenditures of the Library paid by the General Fund, and the reimbursement of debt service payments paid by the General Fund. The amount receivable to the Health Insurance Fund from the Mattoon Public Library is for underpayments of charges for services. The amount receivable to the Mattoon Public Library from the Insurance and Tort Judgment Fund is for overpayments of charges of services. The amount receivable to the Mattoon Firefighters Pension Fund and Mattoon Police Pension Fund is for the transfer of video gaming taxes from the General Fund.

Advance between primary government and component units

Fund	Receivable	Payable
Primary Government:		
Governmental Funds:		
General Fund	\$ 70,946	\$ -
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	-	70,946
Advance between primary government and component units	\$ 70,946	\$ 70,946

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, 2015

**6 CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2015, was as follows:

	<u>Balance April 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2015</u>
Primary government:				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,199,747	\$ 300	\$ -	\$ 3,200,047
Construction in progress	371,593	572,795	240,122	704,266
Total capital assets not being depreciated	<u>3,571,340</u>	<u>573,095</u>	<u>240,122</u>	<u>3,904,313</u>
Capital assets being depreciated:				
Building and improvements	10,128,291	262,139	-	10,390,430
Less: Accumulated depreciation	<u>(2,921,422)</u>	<u>(222,325)</u>	<u>-</u>	<u>(3,143,747)</u>
Buildings and improvements, net	<u>7,206,869</u>	<u>39,814</u>	<u>-</u>	<u>7,246,683</u>
Infrastructure	59,820,100	250,381	-	60,070,481
Less: Accumulated depreciation	<u>(48,328,695)</u>	<u>(630,795)</u>	<u>-</u>	<u>(48,959,490)</u>
Infrastructure, net	<u>11,491,405</u>	<u>(380,414)</u>	<u>-</u>	<u>11,110,991</u>
Improvements other than building	3,607,507	639,502	-	4,247,009
Less: Accumulated depreciation	<u>(310,595)</u>	<u>(143,730)</u>	<u>-</u>	<u>(454,325)</u>
Improvements other than building, net	<u>3,296,912</u>	<u>495,772</u>	<u>-</u>	<u>3,792,684</u>
Equipment, furniture and vehicles	6,199,945	119,750	112,750	6,206,945
Less: Accumulated depreciation	<u>(5,456,586)</u>	<u>(223,142)</u>	<u>(110,326)</u>	<u>(5,569,402)</u>
Equipment, furniture and vehicles, net	<u>743,359</u>	<u>(103,392)</u>	<u>2,424</u>	<u>637,543</u>
Total capital assets being depreciated, net	<u>22,738,545</u>	<u>51,780</u>	<u>2,424</u>	<u>22,787,901</u>
Total governmental activities, capital assets, net	<u>\$ 26,309,885</u>	<u>\$ 624,875</u>	<u>\$ 242,546</u>	<u>\$ 26,692,214</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**6 CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended April 30, 2015, was as follows: (continued)

	<u>Balance</u> <u>April 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2015</u>
Primary government (continued):				
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 587,155	\$ -	\$ -	\$ 587,155
Construction in progress	<u>1,097,894</u>	<u>788,841</u>	<u>-</u>	<u>1,886,735</u>
Total capital assets not being depreciated	<u>1,685,049</u>	<u>788,841</u>	<u>-</u>	<u>2,473,890</u>
Capital assets being depreciated:				
Building and improvements	13,288,761	26,715	80,402	13,235,074
Less: Accumulated depreciation	<u>(5,254,428)</u>	<u>(229,061)</u>	<u>(80,402)</u>	<u>(5,403,087)</u>
Buildings and improvements, net	<u>8,034,333</u>	<u>(202,346)</u>	<u>-</u>	<u>7,831,987</u>
Improvements other than building	215,627	-	-	215,627
Less: Accumulated depreciation	<u>(149,366)</u>	<u>(5,958)</u>	<u>-</u>	<u>(155,324)</u>
Improvements other than building, net	<u>66,261</u>	<u>(5,958)</u>	<u>-</u>	<u>60,303</u>
Treatment, collection, and distribution systems	51,601,276	35,248	-	51,636,524
Less: Accumulated depreciation	<u>(25,552,395)</u>	<u>(1,149,811)</u>	<u>-</u>	<u>(26,702,206)</u>
Treatment, collection, and distribution systems, net	<u>26,048,881</u>	<u>(1,114,563)</u>	<u>-</u>	<u>24,934,318</u>
Equipment, furniture and vehicles	3,724,043	320,678	10,188	4,034,533
Less: Accumulated depreciation	<u>(2,403,922)</u>	<u>(269,784)</u>	<u>(10,188)</u>	<u>(2,663,518)</u>
Equipment, furniture and vehicles, net	<u>1,320,121</u>	<u>50,894</u>	<u>-</u>	<u>1,371,015</u>
Total capital assets being depreciated, net	<u>35,469,596</u>	<u>(1,271,973)</u>	<u>-</u>	<u>34,197,623</u>
Total business-type activities, capital assets, net	<u>\$ 37,154,645</u>	<u>\$ (483,132)</u>	<u>\$ -</u>	<u>\$ 36,671,513</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**6 CAPITAL ASSETS (Continued)**

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

Governmental activities:

General government	\$ 207,747
Public safety	163,658
Public works	755,858
Culture and recreation	86,577
Health and welfare	<u>6,152</u>
Governmental activities, depreciation expense	<u><u>\$ 1,219,992</u></u>

Business-type activities:

Water	\$ 684,585
Sewer	<u>970,030</u>
Business-type activities, depreciation expense	<u><u>\$ 1,654,615</u></u>

Analysis of changes in component unit capital assets:

Component unit (Mattoon Public Library):	Balance <u>April 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>April 30, 2015</u>
Governmental activities:				
Capital assets being depreciated:				
Building and improvements	\$ 2,810,962	\$ -	\$ -	\$ 2,810,962
Less: Accumulated depreciation	<u>(991,824)</u>	<u>(56,221)</u>	<u>-</u>	<u>(1,048,045)</u>
Buildings and improvements, net	<u>1,819,138</u>	<u>(56,221)</u>	<u>-</u>	<u>1,762,917</u>
Equipment, furniture and vehicles	126,952	-	-	126,952
Less: Accumulated depreciation	<u>(81,091)</u>	<u>(12,653)</u>	<u>-</u>	<u>(93,744)</u>
Equipment, furniture and vehicles, net	<u>45,861</u>	<u>(12,653)</u>	<u>-</u>	<u>33,208</u>
Component unit, capital assets, net	<u><u>\$ 1,864,999</u></u>	<u><u>\$ (68,874)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,796,125</u></u>

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

Governmental activities:	
Mattoon Public Library	<u><u>\$ 68,874</u></u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**7 CONSTRUCTION IN PROGRESS**

The City has active construction projects in progress as of April 30, 2015. The projects include construction of the public works building, the construction of a drainage project, continuing upgrade of WWTP software, 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, Peterson Park and various street improvements. 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. Heritage Park Project is still in the preliminary stages and is being evaluated. At April 30, 2015, 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	\$ 65,000
Burgess-Osborne Auditorium	13,636	50,364
Camp Grant - Civil War Memorial	2,622	7,378
Public Works Building	134,996	2,865,004
IL-16//Dettro Dr. Design	58,974	11,026
Heritage Park Project	293,789	47,685
17th Street Concrete Work	58,526	6,181
Peterson Park Parking Areas	141,506	16,909
Total governmental activities	<u>\$ 704,266</u>	<u>\$ 3,069,547</u>
Business-type activities:		
CSO/Long Term Control Plan	\$ 1,765,282	\$ 18,234,718
WWTP SCADA Updates	32,828	58,929
Lake Paradise Dam Renovation	88,625	86,375
Total business-type activities	<u>\$ 1,886,735</u>	<u>\$ 18,380,022</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, 2014	\$ 39,473
Less: cost of crypts sold	<u>-</u>
Mausoleum carrying value, April 30, 2015	39,473
Land held for future expansion, estimated carrying value, April 30, 2015	<u>21,179</u>
Total	<u>\$ 60,652</u>

CITY OF MATTOON, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the Year Ended April 30, 2015

**9 DEFERRED OUTFLOWS OF RESOURCES**

For governmental activities, deferred outflows of resources consists of advance refunding of debt charges with an original amount of \$67,015 less accumulated amortization of \$49,463. For business-type activities, deferred outflows of resources consists of advance refunding of debt charges with an original amount of \$242,299 less accumulated amortization of \$202,952. Amortization of advance refunding of debt charges for the year ended April 30, 2015, was \$4,787 for governmental activities and \$41,005 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 Water and Sewer Funds have restricted cash accounts for debt service requirements. The Internal Service Fund has restricted cash for the employees' flexible spending account. The Mattoon Public Library has restricted investments related to an endowment and accumulated earnings.

**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 has a short-term loan outstanding with the Mattoon Public Library, a component unit, to provide funding for operating expenses. The Library reports this amount as part of the due to primary government balance.

	Balance April 30, 2014	Additions	Deletions	Balance April 30, 2015
Component unit (Mattoon Public Library):				
Governmental activities:				
Short-term loan from the City of Mattoon	\$ 40,000	\$ 40,000	\$ (60,000)	\$ 20,000

**13 GENERAL OBLIGATION BONDS**

One June 10, 2014, the City issued \$8,715,000 in General Obligation Bonds with an average interest rates of 2.4% to current refund \$8,845,530 of outstanding 2005A / 2005B Series bonds and IEPA debt with an average interest rate of 2.68% to 4%. The net proceeds of \$8,991,449 (after payment of \$97,276 in underwriting fees, insurance, and other issuance costs) were used to pay off the 2005A / 2005B Series bonds and IEPA debt.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**13 GENERAL OBLIGATION BONDS (Continued)**

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7,364. This difference is being charged to operations through the original expiration date of the refunded debt using the effective-interest method. The City completed the current refunding to reduce its total debt service payments over the next 9 years by \$347,538 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$355,540.

General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:			
Series 2009A	December 2028	1.50% - 4.35%	\$ 5,005,000
Series 2009B (Taxable)	December 2028	4.00% - 5.70%	3,440,000
Governmental activities - refunding:			
Series 2014 Refunding Bonds	December 2018	2.00%	<u>685,000</u>
Total governmental activities bonds			<u>\$ 9,130,000</u>
		<u>Interest Rates</u>	<u>Amount</u>
Business-type activities - refunding:			
Series 2011	December 2015	2.00%	\$ 600,000
Series 2014 Refunding Bonds	December 2017	2.00%	1,150,000
Series 2014 Refunding Bonds	December 2019	2.00%	2,385,000
Series 2014 Refunding Bonds	December 2023	2.00% - 3.00%	<u>4,495,000</u>
Total business-type activities bonds			<u>\$ 8,630,000</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>
2016	\$ 585,000	\$ 380,733	\$ 1,925,000	\$ 192,100
2017	610,000	362,833	1,350,000	153,600
2018	635,000	344,108	1,375,000	126,600
2019	660,000	323,858	1,005,000	99,100
2020	505,000	302,232	1,025,000	79,000
2021-2025	3,015,000	1,175,813	1,950,000	135,000
2026-2029	<u>3,120,000</u>	<u>391,938</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,130,000</u>	<u>\$ 3,281,515</u>	<u>\$ 8,630,000</u>	<u>\$ 785,400</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**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, 2015, were as follows:

Years Ending April 30,	Governmental Activities
2016	\$ 64,452
2017	64,452
2018	64,452
2019	64,452
2020	64,452
2021-2025	128,904
	451,164
Total minimum lease payments	451,164
Less: amount representing interest	(80,560)
	\$ 370,604

**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%	\$ 514,734
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%	601,952

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**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>109,652</u>
Total governmental activities notes			<u>\$ 1,226,338</u>

Business-type activities:

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
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%	\$ 414,839
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for sewer wastewater treatment plant rehabilitation	January 2018	2.865%	100,624
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>328,856</u>
Total business-type activities notes			<u>\$ 844,319</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>
2016	\$ 134,769	\$ 47,991	\$ 149,055	\$ 21,169
2017	138,761	43,998	152,853	17,372
2018	142,956	39,804	156,834	13,390
2019	147,265	35,495	125,381	9,601
2020	571,438	31,022	128,503	6,479
2021	91,149	2,276	131,693	3,288
Total	<u>\$ 1,226,338</u>	<u>\$ 200,586</u>	<u>\$ 844,319</u>	<u>\$ 71,299</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**16 CHANGE IN LONG-TERM LIABILITIES**

Long-term liability activity for the primary government for the year ended April 30, 2015, was as follows:

	Balance April 30, 2014	Additions	Reductions	Balance April 30, 2015	Due Within One Year
Primary government:					
Governmental activities:					
General obligation bonds	\$ 9,700,000	\$ 685,000	\$ 1,255,000	\$ 9,130,000	\$ 585,000
Add amounts:					
For issuance premiums	72,556	19,568	9,724	82,400	N/A
Total general obligation bonds	9,772,556	704,568	1,264,724	9,212,400	585,000
Capital leases	413,670	-	43,066	370,604	45,292
Notes payable	1,357,221	-	130,883	1,226,338	134,769
Compensated absences	966,650	58,351	-	1,025,001	205,000
Net pension obligation	674,271	648,839	-	1,323,110	N/A
Post-employment healthcare benefits	5,354,578	906,177	-	6,260,755	N/A
Governmental activities, long-term liabilities	<u>\$ 18,538,946</u>	<u>\$ 2,317,935</u>	<u>\$ 1,438,673</u>	<u>\$ 19,418,208</u>	<u>\$ 970,061</u>
Business-type activities:					
General obligation bonds	\$ 2,720,000	\$ 8,030,000	\$ 2,120,000	\$ 8,630,000	\$ 1,925,000
Add amounts:					
For issuance premiums	22,848	256,882	44,608	235,122	N/A
Total general obligation bonds	2,742,848	8,286,882	2,164,608	8,865,122	1,925,000
Notes payable	8,883,734	-	8,039,415	844,319	149,055
Compensated absences	232,267	-	6,481	225,786	45,157
Post-employment healthcare benefits	1,389,174	276,414	-	1,665,588	N/A
Business-type activities, long-term liabilities	<u>\$ 13,248,023</u>	<u>\$ 8,563,296</u>	<u>\$ 10,210,504</u>	<u>\$ 11,600,815</u>	<u>\$ 2,119,212</u>
Component unit (Mattoon Public Library):					
Governmental activities:					
Compensated absences	\$ 8,916	\$ 10,555	\$ -	\$ 19,471	\$ 3,894
Component unit, long-term liabilities	<u>\$ 8,916</u>	<u>\$ 10,555</u>	<u>\$ -</u>	<u>\$ 19,471</u>	<u>\$ 3,894</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**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	\$ 4,214,000	\$ 405,315
Sales and other related taxes	628,732	26,435
Income taxes	470,736	-
Service revenue	88,306	-
Totals	<u>\$ 5,401,774</u>	<u>\$ 431,750</u>

**18 TAXES**

Tax revenues during the year ended April 30, 2015, were as follows:

	General Fund	Other Governmental Funds
Property taxes	\$ 4,009,586	\$ -
TIF property tax increment	-	399,288
Telecommunication taxes	818,786	-
Utility taxes	1,276,329	-
Business district taxes	-	334,042
Road and bridge taxes	146,155	-
Hotel taxes	-	361,014
Cable TV franchise taxes	189,316	-
Gas and electric franchise taxes	190,881	-
Totals	<u>\$ 6,631,053</u>	<u>\$ 1,094,344</u>

**19 INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues during the year ended April 30, 2015, were as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds
Income and use taxes	\$ 2,192,071	\$ -	\$ -
Sales taxes	6,107,410	-	-
Personal property replacement taxes	556,740	-	-
Video gaming tax	210,443	-	-
Pull tabs and jar games tax	4,273	-	-
Motor fuel taxes	-	-	574,681
Foreign fire insurance taxes	32,873	-	-
Grants and contributions	130,517	198,345	213,742
Totals	<u>\$ 9,234,327</u>	<u>\$ 198,345</u>	<u>\$ 788,423</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

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

	For Tax Levy Year		
	2014	2013	2012
Assessed valuation	\$ 190,432,435	\$ 189,874,102	\$ 190,700,894
Rate per \$100, excluding road and bridge rate	2.14593	2.11231	2.04930
Taxes extended, excluding road and bridge taxes	4,086,547	4,010,730	3,908,109
Add: City's share of road and bridge taxes extended	151,024	147,395	146,934
Total taxes extended	<u>\$ 4,237,571</u>	<u>\$ 4,158,125</u>	<u>\$ 4,055,043</u>
Taxes available to City after abatements and losses in collection (2014 estimated)	<u>\$ 4,214,000</u>	<u>\$ 4,155,741</u>	<u>\$ 4,049,384</u>
Percentage of extension available to City (2014 estimated)	<u>99.44%</u>	<u>99.94%</u>	<u>99.86%</u>

	For Tax Levy Year		
	2014	2013	2012
Distribution of taxes available (2014 estimated):			
General fund:			
General government	\$ 698,000	\$ 721,915	\$ 614,229
Fire protection	284,000	283,443	284,586
Police protection	284,000	283,443	284,586
Street, including road & bridge	150,000	141,722	143,621
Park	142,000	146,155	142,293
Mattoon Public Library	436,000	434,617	436,367
Firefighters pension fund	1,092,000	1,040,449	1,121,389
Police Pension Fund	1,128,000	1,103,997	1,022,313
	<u>\$ 4,214,000</u>	<u>\$ 4,155,741</u>	<u>\$ 4,049,384</u>

The City Council has abated the 2012, 2013, and 2014 tax levies applicable to all outstanding general obligation bonds.

CITY OF MATTOON, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the Year Ended April 30, 2015

**21 SCHEDULE OF OPERATING TRANSFERS WITHIN THE REPORTING ENTITY**

Operating transfers between funds during the year ended April 30, 2015, were as follows:

Transfers In	Transfers Out	Amount
General Fund	Hotel and Motel Tax Fund	\$ 44,500
South Rt. 45 TIF District Fund	South Rt. 45 Business District Fund	45,000
Capital Projects Fund	General Fund	<u>758,570</u>
	Total	<u><u>\$ 848,070</u></u>

The first transfer allocated hotel taxes to the General Fund for culture and recreation. The second transfer was for spending related to the South Route 45 TIF District Fund. The third 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](http://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 2014 was 13.59%. 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 2014 was \$503,928.

CITY OF MATTOON, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the Year Ended April 30, 2015

**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
12/31/2014	\$ 503,928	100%	\$ -
12/31/2013	524,974	100%	-
12/31/2012	545,024	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

*Funded Status and Funding Progress* - As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 83.98% funded. The actuarial accrued liability for benefits was \$14,121,245 and the actuarial value of assets was \$11,859,220, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,262,025. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$3,708,076 and the ratio of the UAAL to the covered payroll was 61%.

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, 2015

**23 DEFINED BENEFIT PENSION PLANS - POLICE AND FIREFIGHTERS**

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 - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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.

Management of each Pension Fund is governed by the Mattoon Police Pension Fund Board and Mattoon Firefighter Pension Fund Board. Each Board consists of five members - which are elected by each Pension Fund's members.

Plan Membership - At April 30, 2015, pension plan membership consisted of the following:

	Police Pension	Firefighters Pension
Inactive plan members or beneficiaries currently receiving benefits	44	51
Inactive plan members entitled to but not yet receiving benefits	-	2
Active plan members	38	31
	82	84

BENEFITS PROVIDED

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to 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 annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

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

BENEFITS PROVIDED (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

CONTRIBUTIONS

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, leave 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.

CITY OF MATTOON, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the Year Ended April 30, 2015

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

CONTRIBUTIONS (Continued)

The City's required contributions for the fiscal year ended April 30, 2015, were \$1,331,633 and \$1,267,174 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 using the projected unit credit actuarial costs method that will result in the funding of the past service costs of each pension fund by the end of the municipal fiscal year 2040 as required by ILCS.

INVESTMENTS

The deposits and investments of each Fund are held separately from those of the City and are under the control of each Fund's Board of Trustees.

Investment Policy - Each pension plan's policy is established and may be amended by the applicable Board. It is the policy of each Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio. Neither pension fund has a specific asset allocation guideline. Investments must be in accordance with Illinois Compiled Statutes Chapter 40, Act 5/1-113. For ILCS limitations, see Note 3. The following are authorized:

Firefighters' Pension Fund - The funds are invested in those investments selected by the fund's investment managers and can include contracts/agreements of life insurance companies, mutual funds, common and preferred stocks.

Police Pension Fund - The fund can invest in mutual funds, common/preferred stocks, government securities and agencies, corporate bonds, and life insurance policies.

The long-term expected rate of return on the Police and Firefighters' Pension Funds' investments was determined using an asset allocation study conducted by the Fund's investment management consultant in September 2013 in which best-estimate ranges of expected future real rates of return (net pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each Funds' investment policy does not include target allocations across asset classes. Best estimates of future real rates of return and arithmetic real rates of return for each major asset class as of April 30, 2015 are listed in the table below.

Asset Class	Long-Term Expected Real Rate of Return
Cash Alternatives	0.50%
Short-term tax-exempt fixed income	-0.30%
Intermediate tax-exempt fixed income	0.10%
Long-term tax-exempt fixed income	0.30%

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

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

INVESTMENTS (Continued)

Asset Class	Long-Term Expected Real Rate of Return
REIT equity	4.40%
Large-cap growth	5.20%
Large-cap value	4.90%
Mid-cap growth	5.80%
Mid-cap value	5.40%
Small-cap growth	6.10%
Small-cap value	5.90%
Internationals equity	5.30%
Emerging market equity	6.80%

Rate of Return -- For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.53 percent and 4.62 percent for the Police Pension Fund and Firefighters' Pension Fund, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions -- Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

PENSION LIABILITY

Net Pension Liability -- The components of the net pension liability of the City as of April 30, 2015 were as follows:

	Police	Firefighter	Total
Total pension liability	\$ 38,731,300	\$ 45,838,011	\$ 84,569,311
Plan fiduciary net position	<u>17,145,860</u>	<u>16,043,276</u>	<u>33,189,136</u>
City's net pension liability	<u>\$ 21,585,440</u>	<u>\$ 29,794,735</u>	<u>\$ 51,380,175</u>
Plan fiduciary net position as a percentage of the total pension liability	44.27%	35.00%	39.24%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios on Page 80-81 of the required supplementary information for additional information related to the funded status of the Fund.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

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

PENSION LIABILITY (Continued)

Actuarial Assumptions -- The total pension liability above was determined by an actuarial valuation performed as of April 30, 2015 (May 1, 2015) using the following actuarial methods and assumptions.

	Police	Firefighter
Actuarial Valuation Date	April 30, 2015	April 30, 2015
Actuarial Cost Method	Entry-age normal	Entry-age normal
Amortization	Straight-line	Straight-line
Remaining Amortization Period	29 Years	29 Years
Assumptions:		
Discount rate used for the total pension liability	6.75%	5.42%
Long Term Expected Rate of return on plan assets	6.75%	6.75%
High Quality 20 year tax-exempt G.O. Bond rate	3.62%	3.62%
Inflation	3.00%	3.00%
Salary increases	4.5% - 6.5%	4.0% - 6.5%
Cost of living adjustments	3.00%	3.00%
Asset Valuation Method	Market	Market
Mortality Rate Assumption	L&A 2012 IL Police Study	L&A 2012 IL Firefighter Study

All rates are assumed to be annual rates compounded on an annual basis. There have been no changes in assumptions from the prior year.

Discount Rate -- The discount rate used to measure the total pension liability was 6.75% for the Police Pension Fund and 5.42% for the Firefighters' Pension Fund, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Police Pension Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. The Firefighters' Pension Fund fiduciary net position was projected to cover future benefit payments in full for the current employees through 2045. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected payments to determine the total pension liability for the Police Pension Fund, and the discount rate was applied to determine the total pension liability for the Firefighters' Pension Fund.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

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

PENSION LIABILITY (Continued)

Discount Rate Sensitivity -- The Net Pension Liability has been determined using the discount rate listed in the assumption section. Below is a table illustrating the sensitivity of the Net Pension Liability to the discount rate assumption.

<u>Employer Net Pension Liability</u>	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate - 6.75%</u>	<u>1% Increase 7.75%</u>
Police Pension Fund	\$ 26,418,825	\$ 21,585,440	\$ 17,480,569

<u>Employer Net Pension Liability</u>	<u>1% Decrease 4.42%</u>	<u>Current Discount Rate - 5.42%</u>	<u>1% Increase 6.42%</u>
Firefighters' Pension Fund	\$ 35,911,625	\$ 29,794,735	\$ 24,725,656

The sensitivity of the Net Pension Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the net position to the total pension liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

ANNUAL PENSION COST AND NET PENSION OBLIGATION

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

	<u>Police Pension</u>	<u>Firefighters Pension</u>
Annual required contribution (ARC)	\$ 1,641,766	\$ 1,781,786
Interest on net pension obligation	28,701	16,813
Adjustment to ARC	<u>(24,234)</u>	<u>(16,936)</u>
Annual pension cost	1,646,233	1,781,663
Contributions made	<u>1,422,547</u>	<u>1,356,510</u>
Increase in net pension obligation	223,686	425,153
Net pension obligation - beginning of year	<u>425,195</u>	<u>249,076</u>
Net pension obligation - end of year	<u>\$ 648,881</u>	<u>\$ 674,229</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**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 are disclosed below:

	Police Pension	Firefighters Pension
Actuarial Valuation Date	April 30, 2014	April 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level dollar amount-closed amortization period	Level dollar amount-closed amortization period
Remaining Amortization Period	30 years	26 years
Asset Valuation Method	5-Year Smoothed Market Value	5-Year Smoothed Market Value
Actuarial Assumptions	Police Pension	Firefighters Pension
Investment Rate of Return	6.75%, compounded annually	6.75%, compounded annually
Mortality Rate Assumption	L&A Assumption Study for Police 2012	L&A Assumption Study for Firefighters 2012
Projected Salary Increases	4.5%-6.5%, compounded annually	4.0%-6.5%, compounded annually
Inflation Rate Included	3.00%, compounded annually	3.00%, compounded annually
Cost-of-Living Adjustments	3.00%, compounded annually	3.00%, compounded annually

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

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

MATTOON POLICE PENSION FUND

Three-Year Trend Information

Year Ended April 30,	Annual Pension Cost	Employer Contribution	Percentage Contribution	Net Pension Obligation
2015	\$ 1,646,233	\$ 1,422,547	86.41%	\$ 648,881
2014	1,841,173	1,372,591	74.55%	425,195
2013	1,281,491	1,139,516	88.92%	(43,387)

MATTOON FIREFIGHTERS PENSION FUND

Three-Year Trend Information

Year Ended April 30,	Annual Pension Cost	Employer Contribution	Percentage Contribution	Net Pension Obligation
2015	\$ 1,781,663	\$ 1,356,510	76.14%	\$ 674,229
2014	1,354,661	1,398,877	103.26%	249,076
2013	1,440,359	1,354,955	94.07%	293,292

FUNDING STATUS AND PROGRESS

As of May 1, 2014, the most recent actuarial valuation date for the net pension obligation, the Police Pension was 42.69% funded. For the Police Pension Fund, the actuarial accrued liability for benefits was \$38,679,431, and the actuarial value of assets was \$16,511,433, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,167,998. The covered payroll for fiscal year 2014 was \$2,305,606 and the ratio of UAAL to the covered payroll was 961.48%.

As of May 1, 2014, the most recent actuarial valuation date for the net pension obligation, the Firefighters Pension was 43.50% funded. The actuarial accrued liability for benefits was \$37,259,052, and the actuarial value of assets was \$16,206,638, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,052,414. The covered payroll for fiscal year 2014 was \$1,956,669 and the ratio of UAAL to the covered payroll was 1,075.93%.

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, 2015

**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 2015, the City contributed \$1,207,485 for retiree healthcare benefits. The City required retirees with monthly pensions less than \$1,625 per month to contribute \$73 per month for those with no dependents or \$226 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 \$159 per month for those with no dependents or \$489 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	320,329
Adjustment to annual required contribution	<u>(406,941)</u>
Annual OPEB cost (expense)	2,390,076
Contributions made	<u>(1,207,485)</u>
Increase in net OPEB obligation	1,182,591
Net OPEB obligation - beginning of year	<u>6,743,770</u>
Net OPEB obligation - end of year	<u><u>\$ 7,926,361</u></u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**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
4/30/2015	\$ 2,390,076	50.50%	\$ 7,926,361
4/30/2014	\$ 2,406,759	46.00%	\$ 6,743,770
4/30/2013	2,139,312	52.30%	5,444,796

**FUNDED STATUS AND FUNDING PROGRESS**

As of April 30, 2015, the actuarial accrued liability for benefits was \$34,781,920. The covered payroll was approximately \$7,578,608, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 407%. 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
Interest Rate	4.75%
Salary Progression	3.50%
Claim Costs (as of April 30, 2014):	
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

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**24 POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued)**

ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Actuarial Assumptions	Post-Employment Health Care Benefits	
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
	2015	8%
	2016	7%
	2017	6%
	2018 and after	5%

**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, 2015, the contribution for active employees was \$85 per month for those with no dependents or \$263 per month for those with dependents, approximately 17.5% 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 up to the stop loss insurance threshold. The City's plan has a \$600 calendar year family deductible and a \$300 calendar year single deductible for PPO providers. There is a \$2,000 calendar year out of pocket family maximum and \$1,000 calendar year out of pocket single maximum for PPO providers, after contract year deductible. For out-of-network providers, the City's plan has a \$1,000 calendar year family deductible and a \$500 calendar year single deductible. There is a \$4,000 calendar year out of pocket family maximum and \$2,000 calendar year out of pocket single maximum for out-of-network providers, after contract year deductible. 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.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**25 SELF-INSURANCE (Continued)**

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 267 employees, former employees, and retirees participating in the group health plan. Of this number, 132 were active employees, and 135 were retirees. 83 of the participants had single coverage, and 184 had family coverage.

The health plan is funded on a pay-as-you-go basis. The City incurred health plan claims expenditures of \$3,662,943 in the fiscal year that ended April 30, 2015, which includes \$130,118 of claims incurred, but not paid. An actuarial estimate of claims incurred, but not reported, was not determined.

**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.

<u>Exposure</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Expiration</u>
Workers Compensation	IPRF <sup>1</sup>	\$3 million each accident \$3 million each employee \$3 million policy limit	1/1/2016
Property & Casualty	Federal <sup>2</sup>	Replacement Cost \$72,061,348 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	12/1/2015
General Liability <sup>3</sup>	Lloyd's London	\$3 million each occurrence \$3 million aggregate	12/1/2015
Flood	American <sup>4</sup>	\$405,000 Blower Building Structure \$360,000 Blower Building Contents \$132,500 Pump Station Building \$221,400 Pump Station Contents \$25,000 deductible	12/1/2015
Volunteers	Federal <sup>2</sup>	\$100,000 each occurrence	12/1/2015

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**26 INSURANCE (Continued)**

Fiduciary Liability	Federal <sup>2</sup>	\$1 million aggregate	12/1/2015
Public Officials Liability	Lloyd's London	\$1 million each occurrence \$3 million aggregate \$5,000 deductible	12/1/2015
Employment Practices Liability	Lloyd's London	\$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	12/1/2015
Automobile Physical Damage	Lloyd's London	Actual cash value \$1,000 deductible	12/1/2015
Automobile Liability	Lloyd's London	\$1 million	12/1/2015
Law Enforcement Liability	Lloyd's London	\$1 million each occurrence \$10 million aggregate \$10,000 deductible	12/1/2015
Crime	Hanover <sup>5</sup>	Limit - \$500,000	12/1/2015
Inland Marine	Federal <sup>2</sup>	\$2,686,132 \$2,500 deductible	12/1/2015
Umbrella Liability <sup>6</sup>	Lloyd's London	\$10 million each occurrence \$10 million aggregate	12/1/2015

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

<sup>2</sup> Federal Insurance Company.

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

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

<sup>5</sup> Hanover Insurance Company.

<sup>6</sup> The umbrella policy is excess liability coverage for the following policies: Commercial General Liability, Commercial Automobile Liability, Public Officials Liability, Law Enforcement, and Employment Practices Liability.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2015

**27 CONTINGENCIES**

At April 30, 2015, 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 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, 2015, the balance due to the General Fund from the Library for this transaction was \$81,176.

**29 FUTURE FINANCIAL STATEMENT PRESENTATION CHANGES**

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending April 30, 2016. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the City's proportionate share of the employee pension plan.

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, 2015

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 )
12/31/14	\$ 11,859,220	\$ 14,121,245	\$ 2,262,025	83.98%	\$ 3,708,076	61.00%
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%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$14,875,985. On a market basis, the funded ratio would be 105.34%.

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  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS  
(UNAUDITED)

April 30, 2015

	2015
Total Pension Liability	
Service Cost	\$ 570,535
Interest	2,473,846
Benefit Payments and Refunds	(1,925,291)
Net Change in Total Pension Liability	1,119,090
Total Pension Liability - Beginning	37,612,210
Total Pension Liability - Ending (A)	\$ 38,731,300
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,422,547
Contributions - Member	227,982
Net Investment Income	956,536
Benefit Payments and Refunds	(1,925,291)
Administrative Expense	(56,136)
Net Change in Plan Fiduciary Net Position	625,638
Plan Fiduciary Net Position - Beginning	16,520,222
Plan Fiduciary Net Position - Ending (B)	\$ 17,145,860
Employer Net Pension Liability - Ending (A) - (B)	\$ 21,585,440
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44.27%
Covered-Employee Payroll	\$ 2,339,454
Employer Net Pension Liability as a Percentage of Covered-Employee Payroll	922.67%

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.53 percent for the Police Pension Fund.

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS  
 FIREFIGHTERS' PENSION FUND  
 SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS  
 (UNAUDITED)

April 30, 2015

	2015
Total Pension Liability	
Service Cost	\$ 714,453
Interest	2,375,442
Benefit Payments and Refunds	(2,158,444)
Net Change in Total Pension Liability	931,451
Total Pension Liability - Beginning	44,906,560
Total Pension Liability - Ending (A)	\$ 45,838,011
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,356,510
Contributions - Member	202,721
Net Investment Income	623,230
Benefit Payments and Refunds	(2,158,444)
Administrative Expense	(16,823)
Net Change in Plan Fiduciary Net Position	7,194
Plan Fiduciary Net Position - Beginning	16,036,082
Plan Fiduciary Net Position - Ending (B)	\$ 16,043,276
Employer Net Pension Liability - Ending (A) - (B)	\$ 29,794,735
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.00%
Covered-Employee Payroll	\$ 2,053,279
Employer Net Pension Liability as a Percentage of Covered-Employee Payroll	1,451.08%

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.62 percent for the Firefighters' Pension Fund.

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
(UNAUDITED)

April 30, 2015

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION

	2015
Actuarially Determined Contribution	\$ 1,841,839
Contributions in Relation to the Actuarially Determined Contribution	1,422,547
Contribution Deficiency (Excess)	\$ 419,292
Covered-Employee Payroll	\$ 2,339,454
Contributions as a Percentage of Covered-Employee Payroll	60.81%

NOTE: The actuarially determined contribution shown is from the May 1, 2013 actuary's report completed by Lauterbach and Amen, LLP for the tax levy recommendation for the December, 2013 tax levy.

SCHEDULE OF EMPLOYER CONTRIBUTIONS - FIREFIGHTERS' PENSION

Actuarially Determined Contribution	\$ 1,488,746
Contributions in Relation to the Actuarially Determined Contribution	1,356,510
Contribution Deficiency (Excess)	\$ 132,236
Covered-Employee Payroll	\$ 2,053,279
Contributions as a Percentage of Covered-Employee Payroll	66.07%

NOTE: The actuarially determined contribution shown is from the May 1, 2013 actuary's report completed by Tepfer Consulting Group, Ltd. for the tax levy recommendation for the December, 2013 tax levy.

Notes to Required Supplementary Information:

	Police	Firefighter
Actuarial Valuation Date	May 1, 2013	May 1, 2013
Actuarial Cost 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
Investment Rate of Return, Net of Investment Plan Expenses, Including Inflation	6.75%	6.75%
Inflation Rate	3.00%	3.00%
Salary Increases	4.5% - 6.5%	3.50%
Asset Valuation Method	5 Year Smoothed Market Value	5 Year Smoothed Market Value
Mortality Rate Assumption	L&A 2012 IL Police Study	RP-2000 Combined Healthy Mortality Table

See accompanying notes to required supplementary information.

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

April 30, 2015

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 )
05/01/14	\$16,511,433	\$ 38,679,431	\$ 22,167,998	42.69%	\$ 2,305,606	961.48%
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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended April 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
2015	\$ 1,641,766	\$ 1,422,547	86.65%
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%

See accompanying notes to required supplementary information.

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

April 30, 2015

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 )
05/01/14	\$ 16,206,638	\$ 37,259,052	\$21,052,414	43.50%	\$ 1,956,669	1,075.93%
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	1,010.00%
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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended April 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
2015	\$ 1,781,786	\$ 1,356,510	76.13%
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%

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS

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

April 30, 2015

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 )
04/30/15	\$ -	\$ 34,781,920	\$34,781,920	0.00%	\$ 7,578,608	458.95%
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%

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 6,652,503	\$ 6,702,503	\$ 6,631,053	\$ (71,450)
Licenses and permits	199,030	199,030	194,573	(4,457)
Intergovernmental revenues	8,994,875	9,094,875	9,234,327	139,452
Charges for services	1,213,648	1,328,648	1,271,306	(57,342)
Fines and forfeitures	121,200	121,200	140,755	19,555
Investment income	4,000	4,000	6,494	2,494
Contributions & miscellaneous revenues	315,110	315,110	360,597	45,487
<b>Total revenues</b>	<b>17,500,366</b>	<b>17,765,366</b>	<b>17,839,105</b>	<b>73,739</b>
<b>Expenditures:</b>				
<b>Current</b>				
General government	2,365,251	2,365,251	2,241,236	124,015
Public safety	10,410,549	10,510,549	10,490,812	19,737
Public works	1,739,881	1,739,881	1,642,956	96,925
Health and welfare	199,023	199,023	194,940	4,083
Culture and recreation	1,427,900	1,458,900	1,423,143	35,757
Economic development	50,000	50,000	50,000	-
Capital outlay	189,452	298,452	119,750	178,702
<b>Debt service</b>				
Principal	373,632	373,632	1,002,873	(629,241)
Interest and fiscal charges	48,768	48,768	72,444	(23,676)
<b>Total expenditures</b>	<b>16,804,456</b>	<b>17,044,456</b>	<b>17,238,154</b>	<b>(193,698)</b>
Excess of revenues over expenditures	695,910	720,910	600,951	(119,959)
<b>Other financing sources (uses):</b>				
Transfers in	140,500	140,500	44,500	(96,000)
Transfers out	(740,000)	(765,000)	(758,570)	6,430
Debt proceeds	-	-	685,000	685,000
Bond premiums	-	-	19,568	19,568
Proceeds from sale of assets	-	-	74,723	74,723
<b>Total other financing sources (uses)</b>	<b>(599,500)</b>	<b>(624,500)</b>	<b>65,221</b>	<b>689,721</b>
<b>Net change in fund balance</b>	<b>\$ 96,410</b>	<b>\$ 96,410</b>	<b>666,172</b>	<b>\$ 569,762</b>
Fund balance -beginning			4,430,211	
Fund balance - ending			<b>\$ 5,096,383</b>	

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended April 30, 2015

**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.

**2 BUDGET OVERAGES**

The following funds had an excess of actual expenditures over budget for the fiscal year:

General Fund	\$	193,698
Hotel and Motel Tax Fund		10,083
Home Rehabilitation Grant Fund		25,706
Midtown TIF District Fund		210,542
Broadway East Business District		92,861
I-57 East TIF District Fund		105
South Route 45 TIF District Fund		140
Broadway East TIF District Fund		480

CITY OF MATTOON, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended April 30, 2015

**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, 2015

	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	\$ 6,652,503	\$ 6,702,503	\$ 6,631,053	\$ (71,450)	\$ -	\$ -	\$ -	\$ -	\$ 6,652,503	\$ 6,702,503	\$ 6,631,053	\$ (71,450)
Licenses and permits	199,030	199,030	194,573	(4,457)	-	-	-	-	199,030	199,030	194,573	(4,457)
Intergovernmental revenues	8,994,875	9,094,875	9,234,327	139,452	-	-	-	-	8,994,875	9,094,875	9,234,327	139,452
Charges for services	1,213,648	1,328,648	1,271,306	(57,342)	-	-	-	-	1,213,648	1,328,648	1,271,306	(57,342)
Fines and forfeitures	121,200	121,200	140,755	19,555	-	-	-	-	121,200	121,200	140,755	19,555
Investment income	4,000	4,000	6,494	2,494	-	-	-	-	4,000	4,000	6,494	2,494
Contributions & miscellaneous revenues	204,110	204,110	205,517	1,407	111,000	111,000	155,080	44,080	315,110	315,110	360,597	45,487
Total revenues	17,389,366	17,654,366	17,684,025	29,659	111,000	111,000	155,080	44,080	17,500,366	17,765,366	17,839,105	73,739
Expenditures:												
Current												
General government	2,365,251	2,365,251	2,241,236	124,015	-	-	-	-	2,365,251	2,365,251	2,241,236	124,015
Public safety	10,410,549	10,510,549	10,490,812	19,737	-	-	-	-	10,410,549	10,510,549	10,490,812	19,737
Public works	1,739,881	1,739,881	1,642,956	96,925	-	-	-	-	1,739,881	1,739,881	1,642,956	96,925
Health and welfare	199,023	199,023	194,940	4,083	-	-	-	-	199,023	199,023	194,940	4,083
Culture and recreation	1,278,900	1,309,900	1,256,859	53,041	149,000	149,000	166,284	(17,284)	1,427,900	1,458,900	1,423,143	35,757
Economic development	50,000	50,000	50,000	-	-	-	-	-	50,000	50,000	50,000	-
Capital outlay	189,452	298,452	119,750	178,702	-	-	-	-	189,452	298,452	119,750	178,702
Debt service												
Principal	373,632	373,632	1,002,873	(629,241)	-	-	-	-	373,632	373,632	1,002,873	(629,241)
Interest and fiscal charges	48,768	48,768	72,444	(23,676)	-	-	-	-	48,768	48,768	72,444	(23,676)
Total expenditures	16,655,456	16,895,456	17,071,870	(176,414)	149,000	149,000	166,284	(17,284)	16,804,456	17,044,456	17,238,154	(193,698)
Excess of revenues over expenditures	733,910	758,910	612,155	(146,755)	(38,000)	(38,000)	(11,204)	26,796	695,910	720,910	600,951	(119,959)
Other financing sources (uses):												
Transfers in	96,000	96,000	-	(96,000)	44,500	44,500	44,500	-	140,500	140,500	44,500	(96,000)
Transfers out	(740,000)	(765,000)	(758,570)	6,430	-	-	-	-	(740,000)	(765,000)	(758,570)	6,430
Debt proceeds	-	-	685,000	685,000	-	-	-	-	-	-	685,000	685,000
Bond premiums	-	-	19,568	19,568	-	-	-	-	-	-	19,568	19,568
Proceeds from sale of assets	-	-	74,723	74,723	-	-	-	-	-	-	74,723	74,723
Total other financing sources (uses):	(644,000)	(669,000)	20,721	689,721	44,500	44,500	44,500	-	(599,500)	(624,500)	65,221	689,721
Net change in fund balance	\$ 89,910	\$ 89,910	632,876	\$ 542,966	\$ 6,500	\$ 6,500	33,296	\$ 26,796	\$ 96,410	\$ 96,410	666,172	\$ 569,762
Fund balance -beginning			4,323,783				106,428				4,430,211	
Fund balance - ending			\$ 4,956,659				\$ 139,724				\$ 5,096,383	

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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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 625,000	\$ 625,000	\$ 198,345	\$ (426,655)
Investment income	2,000	2,000	1,969	(31)
Contributions & miscellaneous revenues	59,000	59,000	20,831	(38,169)
<b>Total revenues</b>	<b>686,000</b>	<b>686,000</b>	<b>221,145</b>	<b>(464,855)</b>
<b>Expenditures:</b>				
Current				
General government	3,500	3,500	2,182	1,318
Public safety	-	-	-	-
Public works	1,000	1,000	-	1,000
Culture and recreation	-	-	-	-
Capital outlay	4,367,754	4,392,754	843,038	3,549,716
Debt service				
Principal	250,000	250,000	250,000	-
Interest and fiscal charges	199,370	199,370	295,785	(96,415)
<b>Total expenditures</b>	<b>4,821,624</b>	<b>4,846,624</b>	<b>1,391,005</b>	<b>3,455,619</b>
(Deficiency) of revenues under expenditures	(4,135,624)	(4,160,624)	(1,169,860)	2,990,764
<b>Other financing sources:</b>				
Transfers in	740,000	765,000	758,570	(6,430)
<b>Net change in fund balance</b>	<b>\$ (3,395,624)</b>	<b>\$ (3,395,624)</b>	<b>(411,290)</b>	<b>\$ 2,984,334</b>
Fund balance -beginning			3,966,984	
Fund balance - ending			\$ 3,555,694	

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

April 30, 2015

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Home Rehabilitation Grant Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,390,196	\$ 17,961	\$ 37
Receivables	86,826	59,509	-
Due from other funds	-	82	-
Long-term receivables	-	-	-
	<u>\$ 1,477,022</u>	<u>\$ 77,552</u>	<u>\$ 37</u>
<b>Liabilities:</b>			
Accounts payable	\$ 29,944	\$ 9,387	\$ -
Payroll liabilities payable	-	2,726	-
Due to other funds	-	325	-
	<u>29,944</u>	<u>12,438</u>	<u>-</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	3,204	-
	<u>-</u>	<u>3,204</u>	<u>-</u>
<b>Fund Balance:</b>			
Nonspendable	-	-	-
Restricted	1,447,078	61,910	37
	<u>1,447,078</u>	<u>61,910</u>	<u>37</u>
<b>Total fund balance</b>	<u>1,447,078</u>	<u>61,910</u>	<u>37</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 1,477,022</u>	<u>\$ 77,552</u>	<u>\$ 37</u>

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2015

	Revolving Loan Fund	Midtown TIF District Fund	I-57 East TIF District Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 754,246	\$ 407,615	\$ 126,540
Receivables	56,143	303,269	36,636
Due from other funds	-	-	-
Long-term receivables	276,996	-	-
<b>Total assets</b>	<b>\$ 1,087,385</b>	<b>\$ 710,884</b>	<b>\$ 163,176</b>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 10,165	\$ -
Payroll liabilities payable	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>10,165</b>	<b>-</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	303,269	36,636
<b>Fund Balance:</b>			
Nonspendable	276,996	-	-
Restricted	810,389	397,450	126,540
<b>Total fund balance</b>	<b>1,087,385</b>	<b>397,450</b>	<b>126,540</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 1,087,385</b>	<b>\$ 710,884</b>	<b>\$ 163,176</b>

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2015

	South Rt 45 TIF District Fund	South Rt 45 Business District Fund	Broadway East TIF District Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,585	\$ 52,796	\$ 103,085
Receivables	28,623	7,340	36,787
Due from other funds	-	-	-
Long-term receivables	-	-	-
<b>Total assets</b>	<b>\$ 30,208</b>	<b>\$ 60,136</b>	<b>\$ 139,872</b>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Payroll liabilities payable	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	28,623	2,296	36,787
<b>Fund Balance:</b>			
Nonspendable	-	-	-
Restricted	1,585	57,840	103,085
<b>Total fund balance</b>	<b>1,585</b>	<b>57,840</b>	<b>103,085</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 30,208</b>	<b>\$ 60,136</b>	<b>\$ 139,872</b>

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2015

	Broadway East Business District Fund	I-57 East Business District Fund	Eliminations	Totals
<b>Assets:</b>				
Cash and cash equivalents	\$ 317,058	\$ 9,119	\$ -	\$ 3,180,238
Receivables	70,043	620	-	685,796
Due from other funds	-	-	-	82
Long-term receivables	-	-	-	276,996
<b>Total assets</b>	<b>\$ 387,101</b>	<b>\$ 9,739</b>	<b>\$ -</b>	<b>\$ 4,143,112</b>
<b>Liabilities:</b>				
Accounts payable	\$ 5,850	\$ -	\$ -	\$ 55,346
Payroll liabilities payable	-	-	-	2,726
Due to other funds	-	-	-	325
<b>Total liabilities</b>	<b>5,850</b>	<b>-</b>	<b>-</b>	<b>58,397</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	20,767	168	-	431,750
<b>Fund Balance:</b>				
Nonspendable	-	-	-	276,996
Restricted	360,484	9,571	-	3,375,969
<b>Total fund balance</b>	<b>360,484</b>	<b>9,571</b>	<b>-</b>	<b>3,652,965</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 387,101</b>	<b>\$ 9,739</b>	<b>\$ -</b>	<b>\$ 4,143,112</b>

CITY OF MATTOON, ILLINOIS

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

For the Year Ended April 30, 2015

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Home Rehabilitation Grant Fund
Revenues:			
Taxes	\$ -	\$ 361,014	\$ -
Intergovernmental revenues	762,717	-	25,706
Investment income	323	-	-
Contributions and miscellaneous revenues	-	2,240	-
Total revenues	<u>763,040</u>	<u>363,254</u>	<u>25,706</u>
Expenditures:			
Current			
Public works	437,593	-	-
Culture and recreation	-	265,616	-
Economic development	-	-	25,706
Capital outlay	276,668	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>714,261</u>	<u>265,616</u>	<u>25,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,779</u>	<u>97,638</u>	<u>-</u>
Other financing sources (uses):			
Transfer in	-	-	-
Transfer out	-	(44,500)	-
Total other financing sources (uses)	<u>-</u>	<u>(44,500)</u>	<u>-</u>
Net change in fund balances	48,779	53,138	-
Fund balance - beginning	<u>1,398,299</u>	<u>8,772</u>	<u>37</u>
Fund balance - ending	<u>\$ 1,447,078</u>	<u>\$ 61,910</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, 2015

	Revolving Loan Fund	Midtown TIF District Fund	I-57 East TIF District Fund
Revenues:			
Taxes	\$ -	\$ 299,478	\$ 36,115
Intergovernmental revenues	-	-	-
Investment income	9,518	352	4
Contributions and miscellaneous revenues	70,739	286,118	-
Total revenues	<u>80,257</u>	<u>585,948</u>	<u>36,119</u>
Expenditures:			
Current			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	1,509	190,984	7,674
Capital outlay	-	365,289	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,509</u>	<u>556,273</u>	<u>7,674</u>
Excess (deficiency) of revenues over (under) expenditures	<u>78,748</u>	<u>29,675</u>	<u>28,445</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	78,748	29,675	28,445
Fund balance - beginning	<u>1,008,637</u>	<u>367,775</u>	<u>98,095</u>
Fund balance - ending	<u>\$ 1,087,385</u>	<u>\$ 397,450</u>	<u>\$ 126,540</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, 2015

	South Rt 45 TIF District Fund	South Rt 45 Business District Fund	Broadway East TIF District Fund
Revenues:			
Taxes	\$ 28,013	\$ 45,170	\$ 35,682
Intergovernmental revenues	-	-	-
Investment income	3	24	4
Contributions and miscellaneous revenues	-	-	-
Total revenues	<u>28,016</u>	<u>45,194</u>	<u>35,686</u>
Expenditures:			
Current			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	11,657	-	11,580
Capital outlay	-	-	-
Debt service			
Principal	26,075	-	-
Interest and fiscal charges	34,542	-	-
Total expenditures	<u>72,274</u>	<u>-</u>	<u>11,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,258)</u>	<u>45,194</u>	<u>24,106</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	742	194	24,106
Fund balance - beginning	<u>843</u>	<u>57,646</u>	<u>78,979</u>
Fund balance - ending	<u>\$ 1,585</u>	<u>\$ 57,840</u>	<u>\$ 103,085</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, 2015

	Broadway East Business District Fund	I-57 East Business District Fund	Eliminations	Totals
Revenues:				
Taxes	\$ 286,740	\$ 2,132	\$ -	\$ 1,094,344
Intergovernmental revenues	-	-	-	788,423
Investment income	213	-	-	10,441
Contributions and miscellaneous revenues	-	-	-	359,097
Total revenues	<u>286,953</u>	<u>2,132</u>	<u>-</u>	<u>2,252,305</u>
Expenditures:				
Current				
Public works	-	-	-	437,593
Culture and recreation	-	-	-	265,616
Economic development	34,050	-	-	283,160
Capital outlay	-	-	-	641,957
Debt service				
Principal	150,000	-	-	176,075
Interest and fiscal charges	271,474	-	-	306,016
Total expenditures	<u>455,524</u>	<u>-</u>	<u>-</u>	<u>2,110,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(168,571)</u>	<u>2,132</u>	<u>-</u>	<u>141,888</u>
Other financing sources (uses):				
Transfer in	-	-	(45,000)	-
Transfer out	-	-	45,000	(44,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,500)</u>
Net change in fund balances	(168,571)	2,132	-	97,388
Fund balance - beginning	<u>529,055</u>	<u>7,439</u>	<u>-</u>	<u>3,555,577</u>
Fund balance - ending	<u>\$ 360,484</u>	<u>\$ 9,571</u>	<u>\$ -</u>	<u>\$ 3,652,965</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 747,000	\$ 747,000	\$ 762,717	\$ 15,717
Investment income	300	300	323	23
Total revenues	<u>747,300</u>	<u>747,300</u>	<u>763,040</u>	<u>15,740</u>
Expenditures:				
Current				
Public works	772,000	772,000	437,593	334,407
Capital outlay	428,000	428,000	276,668	151,332
Total expenditures	<u>1,200,000</u>	<u>1,200,000</u>	<u>714,261</u>	<u>485,739</u>
Excess (deficiency) of revenues over expenditures	<u>(452,700)</u>	<u>(452,700)</u>	<u>48,779</u>	<u>501,479</u>
Other financing sources:				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (452,700)</u></u>	<u><u>\$ (452,700)</u></u>	<u>48,779</u>	<u><u>\$ 501,479</u></u>
Fund balance - beginning			<u>1,398,299</u>	
Fund balance - ending			<u><u>\$ 1,447,078</u></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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 300,000	\$ 300,000	\$ 361,014	\$ 61,014
Contributions and miscellaneous revenues	-	-	2,240	2,240
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>363,254</u>	<u>63,254</u>
Expenditures:				
Current				
Culture and recreation	255,533	255,533	265,616	(10,083)
Capital outlay	-	-	-	-
Total expenditures	<u>255,533</u>	<u>255,533</u>	<u>265,616</u>	<u>(10,083)</u>
Excess of revenues over expenditures	<u>44,467</u>	<u>44,467</u>	<u>97,638</u>	<u>53,171</u>
Other financing (uses):				
Transfers out	<u>(44,500)</u>	<u>(44,500)</u>	<u>(44,500)</u>	<u>-</u>
Net change in fund balance	<u>\$ (33)</u>	<u>\$ (33)</u>	53,138	<u>\$ 53,171</u>
Fund balance - beginning			<u>8,772</u>	
Fund balance - ending			<u>\$ 61,910</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 25,706	\$ 25,706
Expenditures:				
Current				
Economic development	-	-	25,706	(25,706)
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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 450	\$ 450	\$ 9,518	\$ 9,068
Contributions and miscellaneous revenue	<u>83,344</u>	<u>83,344</u>	<u>70,739</u>	<u>(12,605)</u>
Total revenues	83,794	83,794	80,257	(3,537)
Expenditures:				
Current				
Economic development	<u>83,794</u>	<u>83,794</u>	<u>1,509</u>	<u>82,285</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	78,748	<u>\$ 78,748</u>
Fund balance - beginning			<u>1,008,637</u>	
Fund balance - ending			<u>\$ 1,087,385</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 300,000	\$ 300,000	\$ 299,478	\$ (522)
Investment income	200	200	352	152
Contributions and miscellaneous revenue	-	-	286,118	286,118
Total revenues	<u>300,200</u>	<u>300,200</u>	<u>585,948</u>	<u>285,748</u>
Expenditures:				
Current				
Economic development	270,731	270,731	190,984	79,747
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>365,289</u>	<u>(290,289)</u>
Total expenditures	<u>345,731</u>	<u>345,731</u>	<u>556,273</u>	<u>(210,542)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (45,531)</u>	<u>\$ (45,531)</u>	29,675	<u>\$ 75,206</u>
Fund balance - beginning			<u>367,775</u>	
Fund balance - ending			<u>\$ 397,450</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 35,345	\$ 35,345	\$ 36,115	\$ 770
Investment income	-	-	4	4
Total revenue	35,345	35,345	36,119	774
Expenditures:				
Current				
Economic development	7,569	7,569	7,674	(105)
Excess of revenues over expenditures	\$ 27,776	\$ 27,776	28,445	\$ 669
Fund balance - beginning			98,095	
Fund balance - ending			\$ 126,540	

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,317	\$ 27,317	\$ 28,013	\$ 696
Investment income	-	-	3	3
Total revenues	<u>27,317</u>	<u>27,317</u>	<u>28,016</u>	<u>699</u>
Expenditures:				
Current				
Economic development	11,517	11,517	11,657	(140)
Debt service				
Principal	26,082	26,082	26,075	7
Interest and fiscal charges	<u>34,535</u>	<u>34,535</u>	<u>34,542</u>	<u>(7)</u>
Total expenditures	<u>72,134</u>	<u>72,134</u>	<u>72,274</u>	<u>(140)</u>
(Deficiency) of revenues under expenditures	<u>(44,817)</u>	<u>(44,817)</u>	<u>(44,258)</u>	<u>559</u>
Other financing sources:				
Transfers in	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 183</u>	<u>\$ 183</u>	742	<u>\$ 559</u>
Fund balance - beginning			<u>843</u>	
Fund balance - ending			<u>\$ 1,585</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 51,276	\$ 51,276	\$ 45,170	\$ (6,106)
Investment income	20	20	24	4
Total revenues	<u>51,296</u>	<u>51,296</u>	<u>45,194</u>	<u>(6,102)</u>
Other financing (uses):				
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 6,296</u>	<u>\$ 6,296</u>	194	<u>\$ (6,102)</u>
Fund balance - beginning			<u>57,646</u>	
Fund balance - ending			<u>\$ 57,840</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 33,760	\$ 33,760	\$ 35,682	\$ 1,922
Investment income	-	-	4	4
Total revenue	33,760	33,760	35,686	1,926
Expenditures:				
Current				
Economic development	11,100	11,100	11,580	(480)
Excess of revenues over expenditures	\$ 22,660	\$ 22,660	24,106	\$ 1,446
Fund balance - beginning			78,979	
Fund balance - ending			\$ 103,085	

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 247,972	\$ 247,972	\$ 286,740	\$ 38,768
Investment income	150	150	213	63
Total revenues	<u>248,122</u>	<u>248,122</u>	<u>286,953</u>	<u>38,831</u>
Expenditures:				
Current				
Economic development	30,000	30,000	34,050	(4,050)
Debt service				
Principal	150,000	150,000	150,000	-
Interest and fiscal charges	<u>182,663</u>	<u>182,663</u>	<u>271,474</u>	<u>(88,811)</u>
Total expenditures	<u>362,663</u>	<u>362,663</u>	<u>455,524</u>	<u>(92,861)</u>
(Deficiency) of revenues over expenditures	<u>\$ (114,541)</u>	<u>\$ (114,541)</u>	(168,571)	<u>\$ (54,030)</u>
Fund balance - beginning			<u>529,055</u>	
Fund balance - ending			<u>\$ 360,484</u>	

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	<u>\$ 2,800</u>	<u>\$ 2,800</u>	\$ 2,132	<u>\$ (668)</u>
Fund balance - beginning			<u>7,439</u>	
Fund balance - ending			<u>\$ 9,571</u>	

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

April 30, 2015

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 111,518	\$ 329,636	\$ 441,154
Accounts receivable	7,060	39,826	46,886
Due from other funds	73,391	-	73,391
Due from component units	1,509	-	1,509
Prepaid items	-	128,766	128,766
Restricted assets:			
Cash and cash equivalents	6,465	-	6,465
Total current assets	199,943	498,228	698,171
Liabilities:			
Current liabilities:			
Accounts payable	193,540	8,268	201,808
Due to other funds	-	45,397	45,397
Due to component units	-	669	669
Payable from restricted assets			
Other payables	6,403	-	6,403
Total current liabilities	199,943	54,334	254,277
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, 2015

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
Operating revenues:			
Fund charges and employee contributions	\$ 4,174,972	\$ 699,702	\$ 4,874,674
Miscellaneous operating revenue	-	141,380	141,380
Total operating revenue	<u>4,174,972</u>	<u>841,082</u>	<u>5,016,054</u>
Operating expenses:			
Administrative and general	191,769	105,382	297,151
Insurance	320,264	735,700	1,055,964
Health claims and uninsured judgments	3,662,943	-	3,662,943
Total operating expenses	<u>4,174,976</u>	<u>841,082</u>	<u>5,016,058</u>
Operating loss	(4)	-	(4)
Non-operating revenues:			
Investment income	<u>4</u>	<u>-</u>	<u>4</u>
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, 2015

	Health Insurance Fund	Insurance and Tort Judgment Fund	Totals
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 3,158,132	\$ 670,385	\$ 3,828,517
Receipts from component units	64,018	8,997	73,015
Receipts from employees and retirees	851,498	-	851,498
Payments to suppliers	(511,998)	(881,120)	(1,393,118)
Payments to claimants	(3,586,438)	-	(3,586,438)
Other receipts (payments)	(36)	103,834	103,798
	<u>(24,824)</u>	<u>(97,904)</u>	<u>(122,728)</u>
Net cash (used) by operating activities			
Cash flows from investing activities:			
Investment income	4	-	4
	<u>4</u>	<u>-</u>	<u>4</u>
Net cash provided by investing activities			
Net decrease in cash	(24,820)	(97,904)	(122,724)
Cash, restricted and unrestricted - beginning	142,803	427,540	570,343
Cash, restricted and unrestricted - ending	<u>\$ 117,983</u>	<u>\$ 329,636</u>	<u>\$ 447,619</u>
Reconciliation of operating (loss) to net cash (used) by operating activities:			
Operating loss	\$ (4)	\$ -	\$ (4)
Adjustments to reconcile operating loss to net cash provided by operating activities			
(Increase) in receivables	(7,060)	(37,546)	(44,606)
(Increase) in due from other funds	(73,391)	-	(73,391)
(Increase) in prepaid items	-	(4,800)	(4,800)
(Increase) in due from component units	(1,509)	-	(1,509)
Increase (decrease) in accounts payable	76,428	(35,239)	41,189
(Decrease) in due to other funds	(19,015)	(19,882)	(38,897)
(Decrease) in due to component units	(350)	(437)	(787)
Increase in other payables	77	-	77
	<u>(24,824)</u>	<u>(97,904)</u>	<u>(122,728)</u>
Net cash (used) by operating activities	<u>\$ (24,824)</u>	<u>\$ (97,904)</u>	<u>\$ (122,728)</u>

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

April 30, 2015

Assets:	
Cash and cash equivalents	\$ 94,681
Investments, at fair value	5,995
Due from primary government	669
Restricted assets	
Investments, at fair value	<u>31,620</u>
Total assets	<u><u>\$ 132,965</u></u>
Liabilities:	
Accounts payable	\$ 2,382
Payroll liabilities	2,549
Due to primary government	33,792
Advances from primary government	<u>70,946</u>
	109,669
Fund Balance:	
Nonspendable	31,620
Unassigned	<u>(8,324)</u>
Total fund balances	<u>23,296</u>
Total liabilities and fund balance	<u><u>\$ 132,965</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, 2015

Revenues:	
Payments from primary government	\$ 474,977
Intergovernmental revenues	23,194
Charges for services	370
Fines and forfeitures	20,328
Investment income	1,138
Operating contributions	<u>53,519</u>
Total revenues	<u>573,526</u>
Expenditures:	
Current	
Culture and recreation	480,574
Debt service	
Interest	<u>2,274</u>
Total expenditures	<u>482,848</u>
Excess of revenues over expenditures	90,678
Fund balance (deficit) - beginning	<u>(67,382)</u>
Fund balance - ending	<u><u>\$ 23,296</u></u>

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

April 30, 2015

	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund	Totals
<b>Assets:</b>			
Cash	\$ 1,349,942	\$ 485,127	\$ 1,835,069
Interest receivable	54,931	60,310	115,241
Prepaid expenses	4,608	-	4,608
Due from primary government	21,044	21,044	42,088
Total assets other than investments	<u>1,430,525</u>	<u>566,481</u>	<u>1,997,006</u>
Investments at fair value			
U.S. government obligations	3,945,900	4,839,801	8,785,701
Insurance contracts	11,470,278	10,077,426	21,547,704
Mutual funds	-	179,083	179,083
Stocks	304,053	562,817	866,870
Total investments	<u>15,720,231</u>	<u>15,659,127</u>	<u>31,379,358</u>
Total assets	<u>17,150,756</u>	<u>16,225,608</u>	<u>33,376,364</u>
<b>Liabilities:</b>			
Accounts payable	4,896	-	4,896
Pensions payable	-	182,332	182,332
Total liabilities	<u>4,896</u>	<u>182,332</u>	<u>187,228</u>
<b>Net position:</b>			
Held in trust for pension benefits	<u>\$ 17,145,860</u>	<u>\$ 16,043,276</u>	<u>\$ 33,189,136</u>

NOTE: A schedule of funding progress is presented on pages 83-84.

CITY OF MATTOON, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY COMPONENT UNITS

For the Year Ended April 30, 2015

	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 1,422,547	\$ 1,356,510	\$ 2,779,057
Plan members	227,982	202,721	430,703
Total contributions	<u>1,650,529</u>	<u>1,559,231</u>	<u>3,209,760</u>
Investment income:			
Interest income	184,839	228,632	413,471
Dividend income	7,506	17,872	25,378
Net increase in fair value of investments	<u>764,191</u>	<u>376,726</u>	<u>1,140,917</u>
Net investment income	<u>956,536</u>	<u>623,230</u>	<u>1,579,766</u>
Total additions	<u>2,607,065</u>	<u>2,182,461</u>	<u>4,789,526</u>
Deductions:			
Benefits and refunds of contributions	1,925,291	2,158,444	4,083,735
Administrative expenses	56,136	16,823	72,959
Total deductions	<u>1,981,427</u>	<u>2,175,267</u>	<u>4,156,694</u>
Change in net position	625,638	7,194	632,832
Net position held in trust - beginning	<u>16,520,222</u>	<u>16,036,082</u>	<u>32,556,304</u>
Net position held in trust - ending	<u>\$ 17,145,860</u>	<u>\$ 16,043,276</u>	<u>\$ 33,189,136</u>

ACCOMPANYING INFORMATION SECTION

CITY OF MATTOON, ILLINOIS

LEGAL DEBT MARGIN  
(UNAUDITED)

April 30, 2015

Assessed valuation, 2014 levy		<u>\$ 190,432,435</u>
Statutory debt limitation: (8.625% of assessed valuation)		\$ 16,424,798
Total debt:		
General obligation bonds	\$ (17,760,000)	
Capital leases	(370,604)	
Notes payable	<u>(2,070,657)</u>	
Total debt		(20,201,261)
Less debt exempt from statutory debt limitation computation:		
General obligation bonds	17,760,000	
Notes payable - IEPA loans	<u>100,624</u>	
Total debt exempt from statutory debt limitation		<u>17,860,624</u>
Legal debt margin		<u>\$ 14,084,161</u>

COMPLIANCE SECTION

DOEHRING, WINDERS & CO. LLP  
*Certified Public Accountants*  
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, 2015, 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 16, 2015.

**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 (2015-01, 2015-02, 2015-03).

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 deficiency described in the accompany Schedule of Findings and Responses to be a significant deficiency (2015-04).

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 16, 2015

CITY OF MATTOON, ILLINOIS  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended April 30, 2015

**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, 2015

**FINDING NO. 2015-01 - Controls Over Financial Statement Preparation  
(Repeat of 14-01)**

**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, 2015

**FINDING NO. 2015-02 - Inadequate Controls over Capital Assets  
(Repeat of 14-02, 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 recorded.

**Condition:**

Capital outlay is not always effectively recorded during the year. For budgeting purposes, capital outlay transactions are recorded to various functional expenditure accounts. Some reclassification is necessary to accurately classify capital outlay expenditures. When assets are disposed, original cost information is not always readily identifiable.

**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 internal 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 also be maintained.

**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, 2015

**FINDING NO. 2015-03 - Ambulance Billing Cycle  
(Repeat of 14-03)**

**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 clear 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.

We also noted during our ambulance billing testing that 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 proper 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.

**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.

CITY OF MATTOON, ILLINOIS  
SCHEDULE OF FINDINGS AND RESPONSES (Continued)  
For the Year Ended April 30, 2015

**FINDING NO. 2015-03 - Ambulance Billing Cycle (Continued)**

**Management's Response:**

The Assistant Fire Chief will begin documenting his review of the ambulance billings. Duties will be reassigned so that the billing clerk does not receive ambulance payments. In addition, the Finance Department will receive and reconcile the Accounts Receivable aging from the billing program to the General Ledger on a monthly basis. 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, 2015

**FINDING NO. 2015-04 - Segregation of Duties over Cash  
(Repeat of 14-05)**

**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 recording transactions in the accounting software and also 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:**

All transactions will be reviewed by the Finance Director on a monthly basis. In addition, all adjustments made to Water and Sewer billings will be subject to review.