

CITY OF MATTOON, ILLINOIS  
FINANCIAL STATEMENTS  
WITH ACCOMPANYING INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED APRIL 30, 2017

CITY OF MATTOON, ILLINOIS  
 FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION  
 For the Year Ended April 30, 2017

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DOEHRING, WINDERS & CO. LLP  
*Certified Public Accountants*  
1601 LAFAYETTE AVENUE  
MATTOON, ILLINOIS 61988

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

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, 2017, 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, 2017, 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 5-16, pension plans' Schedules of Changes in the Employer's Net Pension Liability and Related Ratios on pages 83, 85, and 86, pension plans' Schedule of Employer Contributions on pages 84 and 87, post-employment healthcare benefit program's Schedule of Funding Progress on page 88, and budgetary comparison information on page 89, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017, on our consideration of the City of Mattoon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mattoon's internal control over financial reporting and compliance.

*Doehring, Winklers & Co. LLP*

Mattoon, Illinois  
November 3, 2017

## 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, 2017. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the financial statements, which begin on page 18.

**FINANCIAL HIGHLIGHTS**

- The City of Mattoon, including pension component units and the Mattoon Public Library component unit, has total assets and deferred outflows of resources of \$113,659,208 and total liabilities and deferred inflows of resources of \$116,279,457, resulting in a net position of (\$2,620,249) as of April 30, 2017. Total assets and deferred outflows of resources increased from April 30, 2016 by \$4,433,518, total liabilities and deferred inflows of resources increased from April 30, 2016 by \$6,172,175, and the net position decreased from April 30, 2016 by \$1,738,657. The decrease in net position is mostly due to the change in deferred outflows and inflows of resources for pensions under GASB 68. Of the net position as of April 30, 2017, \$61,359,226 represents the City’s investment in capital assets, net of related debt, \$3,950,044 is held for restricted purposes, and (\$67,929,519) 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 decreased by approximately \$.1 million, from \$11.1 million to \$11 million. The City’s unrestricted cash position in the business-type activities increased by approximately \$1.9 million, from \$4.3 million to \$6.2 million.

- The following table shows the changes in major revenue sources from fiscal year 2016 to 2017.

**City of Mattoon, Illinois  
Changes in Major Revenue Sources  
April 30, 2017**

<u>Source</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Intergovernmental Shared Revenues	\$ 9,840,961	\$ 9,756,029	\$ 84,932
Property Tax Revenues	4,619,355	4,473,710	145,645
Telecommunications taxes	790,916	797,325	(6,409)
Utility Tax Revenues	1,417,576	1,228,584	188,992
Water Fund Charges for Services	3,864,621	3,747,147	117,474
Sewer Fund Charges for Services	4,620,104	4,632,688	(12,584)
Charges for Services	1,722,418	1,658,895	63,523
Table Totals	<u>\$ 26,875,951</u>	<u>\$ 26,294,378</u>	<u>\$ 581,573</u>

Shared revenues from the State, utility taxes, charges for water, and charges for services all saw increases during the year. Charges for sewer and telecommunications taxes saw slight decreases. Property taxes have increased somewhat but are generally restricted due to the Property Tax Extension Limitation Law (PTELL).

- 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. A grant will be used towards the purchase of a new fire truck in fiscal year 2018. 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 18 through 20 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 25 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 30. 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 118 through 119 of this report.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 33 of this report.

### **Additional Supplementary Information**

Following the basic government-wide and fund financial statements and accompanying notes, combining statements are included for the non-major governmental 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 following table. As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$4.5 million as of April 30, 2017. While the net position for business-type activities has improved, the net position for governmental activities has continued to decrease. This is primarily due to the implementation of GASB 68 and the burden imposed on the City by its public safety pensions.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current & Other Assets	\$20,785,010	\$20,220,423	\$8,147,684	\$6,056,115	\$28,932,694	\$26,276,538
Deferred Outflows of Resources	13,651,719	17,040,792	892,880	1,103,242	14,544,599	18,144,034
Capital Assets (net)	28,376,035	26,928,206	39,793,501	36,027,517	68,169,536	62,955,723
Total Assets and Deferred Outflows of Resources	<u>\$62,812,764</u>	<u>\$64,189,421</u>	<u>\$48,834,065</u>	<u>\$43,186,874</u>	<u>\$111,646,829</u>	<u>\$107,376,295</u>
Current Liabilities	\$1,632,786	\$1,261,734	\$751,975	\$736,241	\$2,384,761	\$1,997,975
Deferred Inflows of Resources	8,578,169	4,732,138	76,971	-	8,655,140	4,732,138
Non-current Liabilities	89,816,960	91,435,041	15,278,783	11,841,295	105,095,743	103,276,336
Total Liabilities and Deferred Inflows of Resources	<u>\$100,027,915</u>	<u>\$97,428,913</u>	<u>\$16,107,729</u>	<u>\$12,577,536</u>	<u>\$116,135,644</u>	<u>\$110,006,449</u>
Net Investment in Capital Assets	\$25,520,284	\$23,972,978	\$34,141,501	\$35,736,930	\$59,661,785	\$59,709,908
Restricted	3,914,771	4,600,444	-	-	3,914,771	4,600,444
Unrestricted	(66,650,206)	(61,812,914)	(1,415,165)	(5,127,592)	(68,065,371)	(66,940,506)
Total Net Position	<u>(\$37,215,151)</u>	<u>(\$33,239,492)</u>	<u>\$32,726,336</u>	<u>\$30,609,338</u>	<u>(\$4,488,815)</u>	<u>(\$2,630,154)</u>
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	(37.2%)	(34.1%)	203.2%	243.4%	(3.9%)	(2.4%)
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	(66.6%)	(63.4%)	(8.8%)	(40.8%)	(58.6%)	(60.9%)

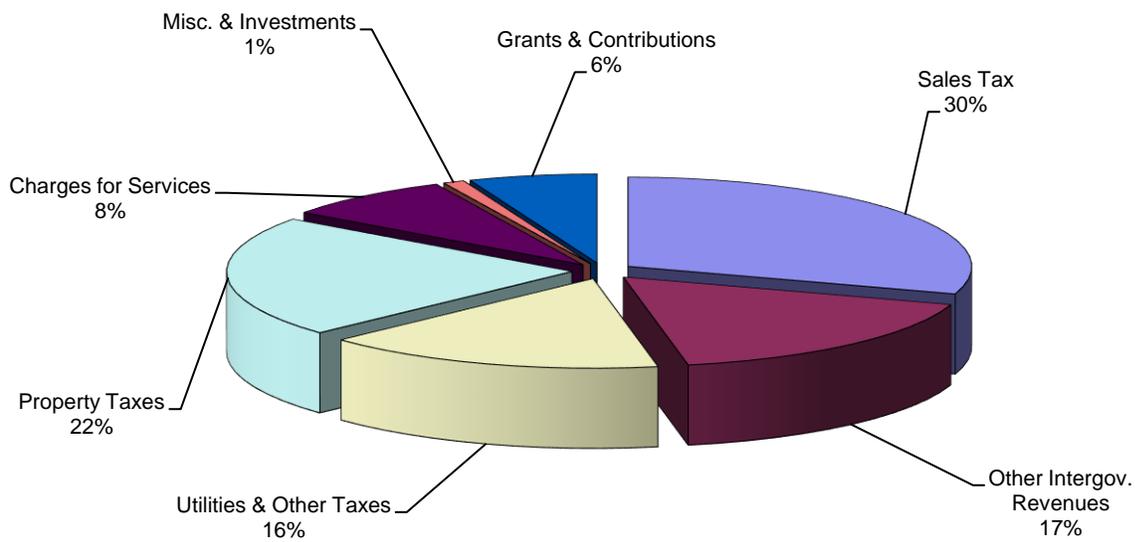
As of April 30, 2017, the governmental activities have a negative unrestricted net position of \$66,650,206. The business-type activities have a negative unrestricted net position of \$1,415,165. The extent of the negative net positions is largely due to unfunded net pension liabilities for City workers.

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	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$1,722,418	\$1,658,895	\$8,484,725	\$8,379,835	\$10,207,143	\$10,038,730
Operating Grants & Contr.	313,179	427,430	0	0	313,179	427,430
Capital Grants & Contr.	1,012,874	403,488	0	0	1,012,874	403,488
General Revenues						
Property Taxes	4,619,355	4,473,710	0	0	4,619,355	4,473,710
Sales Taxes	6,230,679	6,143,363	0	0	6,230,679	6,143,363
Utility Taxes	1,417,576	1,228,584	0	0	1,417,576	1,228,584
Telecommunication Taxes	790,916	797,325	0	0	790,916	797,325
Other Taxes	1,202,938	1,195,655	0	0	1,202,938	1,195,655
Other Intergovern. Rev.	3,610,282	3,612,666	0	0	3,610,282	3,612,666
Investments Income	37,051	22,044	9,037	10,462	46,088	32,506
Miscellaneous Income	91,168	126,724	0	0	91,168	126,724
Gain (Loss) on Sale of Assets	3,039	(7,649)	26,187	17,159	29,226	9,510
<b>Total Revenue</b>	<b>21,051,475</b>	<b>20,082,235</b>	<b>8,519,949</b>	<b>8,407,456</b>	<b>29,571,424</b>	<b>28,489,691</b>
<b>Expenses</b>						
Program Expenses						
General Government	2,418,951	2,344,112	0	0	2,418,951	2,344,112
Public Safety	16,741,172	16,501,250	0	0	16,741,172	16,501,250
Public Works	3,001,555	3,399,078	0	0	3,001,555	3,399,078
Health and Welfare	199,093	266,886	0	0	199,093	266,886
Culture and Recreation	1,836,466	1,979,461	0	0	1,836,466	1,979,461
Economic Development	450,343	330,702	0	0	450,343	330,702
Interest on Long-Term Debt	379,554	439,491	0	0	379,554	439,491
Water	0	0	3,101,464	3,333,427	3,101,464	3,333,427
Sewer	0	0	3,301,487	3,869,771	3,301,487	3,869,771
<b>Total Expenses</b>	<b>25,027,134</b>	<b>25,260,980</b>	<b>6,402,951</b>	<b>7,203,198</b>	<b>31,430,085</b>	<b>32,464,178</b>
Increase (decrease) in net position						
before transfers	(3,975,659)	(5,178,745)	2,116,998	1,204,258	(1,858,661)	(3,974,487)
Transfers	0	0	0	0	0	0
<b>Changes in Net Position</b>	<b>(3,975,659)</b>	<b>(5,178,745)</b>	<b>2,116,998</b>	<b>1,204,258</b>	<b>(1,858,661)</b>	<b>(3,974,487)</b>
Net Position - May 1	(33,239,492)	(28,060,747)	30,609,338	29,405,080	(2,630,154)	1,344,333
Net Position - April 30	(\$37,215,151)	(\$33,239,492)	\$32,726,336	\$30,609,338	(\$4,488,815)	(\$2,630,154)

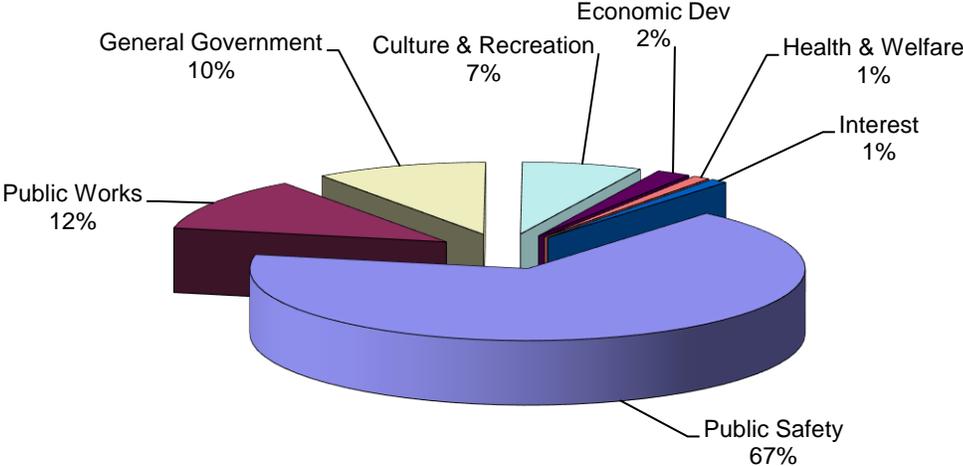
The following chart illustrates how governmental activities are funded. Sales taxes provided thirty percent (30%) of the governmental activities revenue. Other intergovernmental revenues (state shared taxes) provided seventeen percent (17%) of the governmental activities revenue. Property taxes provided twenty-two percent (22%) 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 sixty-seven percent (67%) of the total expenses of the governmental activities. Public works comprised twelve percent (12%) of the total expenses of the governmental activities. General government comprised ten percent (10%) of the total expenses of the governmental activities. The remaining eleven percent (11%) came from expenses for culture and recreation, seven percent (7%), economic development, two percent (2%), interest, one percent (1%), 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 financial statements 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, 2017, the City of Mattoon's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$12,512,444, a decrease of \$379,610 from April 30, 2016. Of the ending fund balances total, \$829,337 is considered nonspendable, \$3,219,161 is restricted, \$2,682,062 is committed, \$285,295 is assigned, and \$5,496,589 is unassigned.

The General Fund is the primary operating fund used to account for the governmental operations of the City of Mattoon. Its basic operations are public safety and public works. The largest revenue sources for the General Fund are taxes and intergovernmental revenues which account for eighty-nine percent (89%) of revenues. Approximately sixty-five percent (65%) of the General Fund expenditures of \$16.9 million are allocated to the public safety sector. Another thirteen percent (13%) of the General Fund expenditures are derived from the functions of general government.. Approximately ten percent (10%) of the General Fund's expenditures are derived from the public works operations.

The General Fund has a fund balance of \$6,533,636, an increase of \$482,567 over the balance as of April 30, 2016. The increase is largely due to conservative budgeting and spending. The Capital Projects Fund has a fund balance of \$2,620,257, a decrease of \$582,333 from the balance as of April 30, 2016. 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 are currently under construction and near completion.

With regard to the Other Governmental Funds, the Motor Fuel Tax Fund had a total fund balance of \$1,015,997, the Revolving Loan Fund had a total fund balance of \$1,094,032, the Midtown TIF District Fund had a fund balance of \$390,589, and the Broadway East Business District Fund had a fund balance of \$270,968. 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 restricted for making 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, 2017 of \$586,965. The total accumulated fund balances of all of the Other Governmental Funds decreased by \$279,844 during the year ended April 30, 2017.

## **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 25 to page 29. The net position of the enterprise type proprietary funds at April 30, 2017 was \$32,726,336, an increase of \$2,116,998 from the previous year.

For the year ended April 30, 2017, operating revenues in the Water Fund totaled \$3,864,621 (an increase of \$117,474 from fiscal year 2016), operating expenses totaled \$3,065,019 (a decrease of \$203,177 from fiscal year 2016) producing operating income of \$799,602 (an increase of \$320,651 from fiscal year 2016). Non-operating revenues and expenses netted to a decrease in net position of \$4,518, leaving an increase to net position in the Water Fund of \$795,084. No water rate increases occurred during fiscal year 2017. The last increase was implemented on May 1, 2015 and no future increases are anticipated at this time.

For the year ended April 30, 2017, revenues in the Sewer Fund totaled \$4,620,104 (a decrease of \$12,584 from fiscal year 2016), operating expenses totaled \$3,249,108 (a decrease of \$496,309 from fiscal year 2016) producing operating income of \$1,370,996 (an increase of \$483,725 from fiscal year 2016). Non-operating revenues and expenses netted to a decrease in net position of \$49,082, leaving an increase to net position in the Sewer Fund of \$1,321,914. Similar to the Water Fund, the Sewer Fund had a series of rate increases with fiscal year 2016 being the final year. No future rate increases are anticipated.

## **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 89. The final fiscal year 2017 General Fund budget authorized expenditures and other financing uses of \$18,341,192 funded by anticipated revenues and other financing sources of \$18,358,542 leaving the amount of revenues and other financing sources over expenditures and other financing uses of \$17,350. The actual amount of expenditures and other financing uses under revenues and other financing sources was \$482,567, a positive budget to actual variance of \$465,217.

The largest variance in General Fund revenues was from intergovernmental revenues. Intergovernmental revenues fell under the budgeted amount by \$217,705. General Fund expenditures had an overall variance of \$679,476. There were positive variances in General Government of \$586,364 and in Capital Outlay of \$117,422.

The *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual* for the Capital Projects Fund and each of the Non-major Governmental Funds can be found in the Combining and Individual Fund Statements and Schedules, beginning on page 93.

## 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 the financial statements for the period ending on April 30, 2017. As summarized in the table below, the City's investment in capital assets for governmental and business-type activities as of April 30, 2017 totaled \$166.4 million. Forty-seven percent (47%) 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-three percent (53%) of the total, with the most significant portion being the infrastructure (roads, bridges, and sidewalks) of the City.

Total accumulated depreciation was \$98.2 million, or fifty-nine percent (59%) of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is \$68 million.

### City of Mattoon, Illinois Capital Assets, Net of Accumulated Depreciation April 30, 2017

Classification	Governmental Activities	Business-type Activities	Total
Land	\$ 3,249,149	\$ 587,155	\$ 3,836,304
Buildings and Improvements	10,448,362	13,250,379	23,698,741
Equipment, furniture and vehicles	6,170,352	4,338,951	10,509,303
Improvements other than buildings	5,138,218	304,252	5,442,470
Infrastructure	60,947,866	-	60,947,866
Treat. collect. and distrib. systems	-	51,662,498	51,662,498
Construction in Progress	2,677,269	7,635,085	10,312,354
Subtotal	<u>88,631,216</u>	<u>77,778,320</u>	<u>166,409,536</u>
Less Accumulated Depreciation	<u>(60,255,181)</u>	<u>(37,984,819)</u>	<u>(98,240,000)</u>
Total	<u>\$ 28,376,035</u>	<u>\$ 39,793,501</u>	<u>\$ 68,169,536</u>

## Long-Term Liabilities

On April 30, 2017, the City of Mattoon had \$105,095,743 of long-term liabilities outstanding (an increase of \$1,819,407 from April 30, 2016, as summarized in the following table:

**City of Mattoon, Illinois**  
**General Obligation Bonds, Notes Outstanding and Other Long-Term Liabilities**  
**April 30, 2017**

<b>Classification</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
General Obligation Bonds	\$ 8,003,725	\$ 5,532,035	\$ 13,535,760
Notes Payable	954,659	5,959,636	6,914,295
Capital Leases	276,987	-	276,987
Compensated Absences	1,070,967	257,082	1,328,049
Net Pension Liability	71,464,656	1,340,007	72,804,663
Post-Employment Healthcare	8,045,966	2,190,023	10,235,989
Total	<u>\$ 89,816,960</u>	<u>\$ 15,278,783</u>	<u>\$105,095,743</u>

The liability for General Obligation Bonds decreased \$1,995,788 due to principal payments on the bonds. The Notes Payable liability increased \$4,566,669 mainly due to new IEPA borrowings for a Combined Sewer Overflow project.

The Net Pension Liability decreased \$1,867,786 from the prior year. The liability for Compensated Absences increased \$63,421 and the Post-Employment Healthcare Benefits liabilities increased \$1,101,216 during this fiscal year. The liability for capital leases decreased by \$48,325. Detailed information regarding specific debt can be found in notes 12, 13, 14, and 15 beginning on page 57.

Subsequent to the year ended April 30, 2017, the City refunded General Obligation Bonds 2009A and 2009B as outlined in Note 29 on page 81.

### 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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Mattoon Public Library
<b>Assets:</b>				
Cash and cash equivalents	\$ 10,983,837	\$ 6,162,685	\$ 17,146,522	\$ 185,222
Investments, at fair value	-	-	-	8,882
Receivables	8,468,519	1,069,494	9,538,013	-
Internal balances	4,495	(4,495)	-	-
Due from primary government	-	-	-	1,183
Due from component units	16,639	-	16,639	-
Prepaid items	717,983	6,250	724,233	-
Advances to component units	49,718	-	49,718	-
<b>Restricted assets:</b>				
Cash and cash equivalents	334,897	913,750	1,248,647	-
Certificates of deposit	8,880	-	8,880	-
Investments, at fair value	-	-	-	30,636
<b>Noncurrent assets:</b>				
Cemetery development	60,652	-	60,652	-
Long-term receivables	139,390	-	139,390	-
<b>Capital assets, net of depreciation</b>				
Land	3,249,149	587,155	3,836,304	-
Buildings and building improvements	6,846,580	7,387,794	14,234,374	1,769,796
Improvements other than buildings	4,362,202	137,012	4,499,214	-
Treatments, collection and distribution systems	-	22,938,284	22,938,284	-
Infrastructure	10,771,997	-	10,771,997	-
Equipment, furniture and vehicles	468,838	1,108,171	1,577,009	16,660
Construction in progress	2,677,269	7,635,085	10,312,354	-
<b>Total assets</b>	<b>49,161,045</b>	<b>47,941,185</b>	<b>97,102,230</b>	<b>2,012,379</b>
<b>Deferred outflows of resources:</b>				
Pension items - IMRF	819,966	885,808	1,705,774	-
Pension items - Police Pension Fund	9,030,989	-	9,030,989	-
Pension items - Firefighters' Pension Fund	3,792,786	-	3,792,786	-
Advance refunding on debt charges	7,978	7,072	15,050	-
<b>Total deferred outflows of resources</b>	<b>13,651,719</b>	<b>892,880</b>	<b>14,544,599</b>	<b>-</b>
<b>Combined assets and deferred outflows of resources</b>	<b>\$ 62,812,764</b>	<b>\$ 48,834,065</b>	<b>\$ 111,646,829</b>	<b>\$ 2,012,379</b>

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

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

April 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Mattoon Public Library
<b>Liabilities:</b>				
Accounts payable	973,290	388,039	1,361,329	8,752
Payroll liabilities payable	333,948	103,156	437,104	2,011
Accrued interest expense	171,623	76,170	247,793	1,768
Due to primary government	-	-	-	16,639
Due to component units	63,903	-	63,903	-
Unearned revenue	83,608	-	83,608	-
Other payables from restricted assets	6,413	184,610	191,023	-
Advances from primary government	-	-	-	49,718
<b>Noncurrent liabilities:</b>				
Due within one year	1,046,728	1,816,069	2,862,797	7,985
Due in more than one year	88,770,232	13,462,714	102,232,946	56,940
<b>Total liabilities</b>	<b>91,449,745</b>	<b>16,030,758</b>	<b>107,480,503</b>	<b>143,813</b>
<b>Deferred inflows of resources:</b>				
Pension items - IMRF	71,250	76,971	148,221	-
Pension items - Police Pension Fund	1,682,255	-	1,682,255	-
Pension items - Firefighters' Pension Fund	1,604,376	-	1,604,376	-
Property taxes	5,220,288	-	5,220,288	-
Total deferred inflows of resources	8,578,169	76,971	8,655,140	-
<b>Combined liabilities and deferred inflows of resources</b>	<b>100,027,914</b>	<b>16,107,729</b>	<b>116,135,643</b>	<b>143,813</b>
<b>Net position:</b>				
Net investment in capital assets	25,520,284	34,141,501	59,661,785	1,697,441
<b>Restricted for:</b>				
Public safety	91,606	-	91,606	-
Highways and streets	1,015,997	-	1,015,997	-
Culture and recreation	143,854	-	143,854	4,637
Economic development	1,884,071	-	1,884,071	-
Cemetery maintenance	306,932	-	306,932	-
Capital assets	472,311	-	472,311	-
<b>Permanent endowment:</b>				
Nonexpendable	-	-	-	30,636
Unrestricted	(66,650,206)	(1,415,165)	(68,065,371)	135,852
<b>Total net position</b>	<b>\$ (37,215,151)</b>	<b>\$ 32,726,336</b>	<b>\$ (4,488,815)</b>	<b>\$ 1,868,566</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, 2017

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	\$ 2,418,951	\$ 250,728	\$ -	\$ -	\$ (2,168,223)	\$ -	\$ (2,168,223)	
Public safety	16,741,172	987,474	140,064	20,469	(15,593,165)	-	(15,593,165)	
Public works	3,001,555	32,575	19,485	464,088	(2,485,407)	-	(2,485,407)	
Health and welfare	199,093	108,930	-	-	(90,163)	-	(90,163)	
Culture and recreation	1,836,466	342,711	153,630	528,317	(811,808)	-	(811,808)	
Economic development	450,343	-	-	-	(450,343)	-	(450,343)	
Interest on long-term debt	379,554	-	-	-	(379,554)	-	(379,554)	
Total governmental activities	<u>25,027,134</u>	<u>1,722,418</u>	<u>313,179</u>	<u>1,012,874</u>	<u>(21,978,663)</u>	<u>-</u>	<u>(21,978,663)</u>	
Business-type activities:								
Water	3,101,464	3,864,621	-	-	-	763,157	763,157	
Sewer	3,301,487	4,620,104	-	-	-	1,318,617	1,318,617	
Total business-type activities	<u>6,402,951</u>	<u>8,484,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,081,774</u>	<u>2,081,774</u>	
Total primary government	<u>\$ 31,430,085</u>	<u>\$ 10,207,143</u>	<u>\$ 313,179</u>	<u>\$ 1,012,874</u>	<u>(21,978,663)</u>	<u>2,081,774</u>	<u>(19,896,889)</u>	
Component Unit:								
Mattoon Public Library	<u>\$ 502,576</u>	<u>\$ 17,756</u>	<u>\$ 42,657</u>	<u>\$ 35,000</u>				<u>\$ (407,163)</u>
General Revenues:								
Property taxes					4,145,492	-	4,145,492	-
TIF property tax increment					473,863	-	473,863	-
Telecommunications taxes					790,916	-	790,916	-
Utility taxes					1,417,576	-	1,417,576	-
Business district taxes					313,777	-	313,777	-
Other taxes					889,161	-	889,161	-
Payments from primary government					-	-	-	523,868
Sales taxes					6,230,679	-	6,230,679	-
Income and use taxes					2,214,649	-	2,214,649	-
Other intergovernmental revenues					1,395,633	-	1,395,633	-
Investment income					37,051	9,037	46,088	3,299
Miscellaneous income					91,168	-	91,168	-
Gain on disposal of capital assets, net					3,039	26,187	29,226	-
Total general revenues and transfers					<u>18,003,004</u>	<u>35,224</u>	<u>18,038,228</u>	<u>527,167</u>
Change in net position					<u>(3,975,659)</u>	<u>2,116,998</u>	<u>(1,858,661)</u>	<u>120,004</u>
Net position - beginning					<u>(33,239,492)</u>	<u>30,609,338</u>	<u>(2,630,154)</u>	<u>1,748,562</u>
Net position - ending					<u>\$ (37,215,151)</u>	<u>\$ 32,726,336</u>	<u>\$ (4,488,815)</u>	<u>\$ 1,868,566</u>

CITY OF MATTOON, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2017

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,439,348	\$ 2,859,477	\$ 3,243,228	\$ 10,542,053
Receivables, net of allowance for uncollectibles	7,295,542	-	1,160,184	8,455,726
Due from other funds	61,623	127,312	109	189,044
Due from component units	14,869	-	-	14,869
Prepaid items	579,577	-	-	579,577
Long-term receivables	-	-	139,390	139,390
Advances to component unit	49,718	-	-	49,718
Cemetery development	60,652	-	-	60,652
<b>Restricted assets:</b>				
Cash and cash equivalents	329,006	-	-	329,006
Certificates of deposit	8,880	-	-	8,880
<b>Total assets</b>	<b>\$ 12,839,215</b>	<b>\$ 2,986,789</b>	<b>\$ 4,542,911</b>	<b>\$ 20,368,915</b>
<b>Liabilities:</b>				
Accounts payable	\$ 212,380	\$ 366,532	\$ 226,386	\$ 805,298
Payroll liabilities payable	330,365	-	3,583	333,948
Due to other funds	191,010	-	12,377	203,387
Due to component units	62,720	-	-	62,720
Unearned revenue	83,608	-	-	83,608
<b>Total liabilities</b>	<b>880,083</b>	<b>366,532</b>	<b>242,346</b>	<b>1,488,961</b>
Deferred inflows of resources	5,425,496	-	942,014	6,367,510
<b>Fund Balance:</b>				
Nonspendable	689,947	-	139,390	829,337
Restricted	-	-	3,219,161	3,219,161
Committed	61,805	2,620,257	-	2,682,062
Assigned	285,295	-	-	285,295
Unassigned	5,496,589	-	-	5,496,589
<b>Total fund balance</b>	<b>6,533,636</b>	<b>2,620,257</b>	<b>3,358,551</b>	<b>12,512,444</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 12,839,215</b>	<b>\$ 2,986,789</b>	<b>\$ 4,542,911</b>	<b>\$ 20,368,915</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, 2017

Total fund balances - governmental funds	\$ 12,512,444
Amounts reported for governmental activities in the Statement of Net Position are different due to:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	28,376,035
Receivables not available to pay for current-period expenditures and, therefore, not reported in the funds.	1,147,221
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.	7,978
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings for the pension trust funds and Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position.	10,285,860
Long-term liabilities, including bonds payable and total pension liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(89,988,583)</u>
Net position of governmental activities	<u>\$ (37,215,151)</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, 2017

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 6,887,286	\$ -	\$ 1,110,440	\$ 7,997,726
Licenses and permits	227,248	-	-	227,248
Intergovernmental revenues	9,241,086	215,531	964,453	10,421,070
Charges for services	1,323,313	-	-	1,323,313
Fines and forfeitures	162,226	-	-	162,226
Investment income	20,884	4,080	11,986	36,950
Contributions and miscellaneous revenues	256,179	20,297	529,807	806,283
<b>Total revenues</b>	<b>18,118,222</b>	<b>239,908</b>	<b>2,616,686</b>	<b>20,974,816</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,114,010	1,449	-	2,115,459
Public safety	10,953,585	-	-	10,953,585
Public works	1,722,624	24,666	395,234	2,142,524
Health and welfare	176,729	-	-	176,729
Culture and recreation	1,405,941	7,096	275,257	1,688,294
Economic development	50,000	-	400,343	450,343
Capital outlay	120,230	1,101,446	1,425,195	2,646,871
<b>Debt service:</b>				
Principal	328,087	270,000	197,148	795,235
Interest and fiscal charges	40,510	149,114	203,353	392,977
<b>Total expenditures</b>	<b>16,911,716</b>	<b>1,553,771</b>	<b>2,896,530</b>	<b>21,362,017</b>
Excess (deficiency) of revenues over (under) expenditures	1,206,506	(1,313,863)	(279,844)	(387,201)
<b>Other financing sources (uses):</b>				
Transfers in	-	731,530	-	731,530
Transfers out	(731,530)	-	-	(731,530)
Proceeds from sale of assets	7,591	-	-	7,591
<b>Total other financing sources (uses)</b>	<b>(723,939)</b>	<b>731,530</b>	<b>-</b>	<b>7,591</b>
Net change in fund balances	482,567	(582,333)	(279,844)	(379,610)
Fund balance - beginning	6,051,069	3,202,590	3,638,395	12,892,054
Fund balance - ending	<u>\$ 6,533,636</u>	<u>\$ 2,620,257</u>	<u>\$ 3,358,551</u>	<u>\$ 12,512,444</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, 2017

Net change in fund balances	\$ (379,610)
Amounts reported for governmental activities in the Statement of Activities are different due to:	
Governmental funds report capital outlays as expenditures. In the statement, of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,452,381
The net effect of various miscellaneous transactions involving capital assets (e.g. sales and donations) is to decrease net position.	(4,552)
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.	73,615
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.	802,072
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>(5,914,778)</u>
Change in net position of governmental activities	<u><u>\$ (3,975,659)</u></u>

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

CITY OF MATTOON, ILLINOIS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

April 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,120,001	\$ 4,042,684	\$ 6,162,685	\$ 441,784
Receivables, net of allowance	473,386	596,108	1,069,494	12,793
Due from other funds	7,654	15,044	22,698	103,268
Due from component units	-	-	-	1,770
Prepaid items	-	6,250	6,250	138,406
Restricted assets:				
Cash and cash equivalents	344,488	569,262	913,750	5,891
Total current assets	<u>2,945,529</u>	<u>5,229,348</u>	<u>8,174,877</u>	<u>703,912</u>
Noncurrent assets:				
Capital assets:				
Land	378,724	208,431	587,155	-
Buildings and building improvements	12,140,524	1,109,855	13,250,379	-
Improvements other than buildings	293,249	11,003	304,252	-
Treatment, collection and distribution systems	12,966,870	38,695,628	51,662,498	-
Equipment, furniture and vehicles	2,217,841	2,121,110	4,338,951	-
Construction in progress	17,443	7,617,642	7,635,085	-
Less: accumulated depreciation	<u>(13,606,882)</u>	<u>(24,377,937)</u>	<u>(37,984,819)</u>	<u>-</u>
Total noncurrent assets	<u>14,407,769</u>	<u>25,385,732</u>	<u>39,793,501</u>	<u>-</u>
Total assets	<u>17,353,298</u>	<u>30,615,080</u>	<u>47,968,378</u>	<u>703,912</u>
Deferred outflows of resources:				
Deferred items - IMRF	427,638	458,170	885,808	-
Advance refunding on debt charges	-	7,072	7,072	-
Total deferred outflows of resources	<u>427,638</u>	<u>465,242</u>	<u>892,880</u>	<u>-</u>
Combined assets and deferred outflows of resources	<u>\$ 17,780,936</u>	<u>\$ 31,080,322</u>	<u>\$ 48,861,258</u>	<u>\$ 703,912</u>

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

CITY OF MATTOON, ILLINOIS

STATEMENT OF NET POSITION (Continued)  
 PROPRIETARY FUNDS

April 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	\$ 53,740	\$ 334,299	\$ 388,039	\$ 167,992
Payroll liabilities payable	48,289	54,867	103,156	-
Accrued interest	13,541	62,629	76,170	-
Due to other funds	12,952	14,241	27,193	84,430
Due to component unit	-	-	-	1,183
Compensated absences payable - current	27,177	24,240	51,417	-
General obligation bonds - current	475,000	900,000	1,375,000	-
Notes payable - current	68,239	321,413	389,652	-
Other payables from restricted assets	184,610	-	184,610	6,413
Total current liabilities	<u>883,548</u>	<u>1,711,689</u>	<u>2,595,237</u>	<u>260,018</u>
Noncurrent liabilities:				
Long-term debt payable:				
General obligation bonds payable, net of unamortized discounts and premiums	1,023,119	3,133,916	4,157,035	-
Notes payable	215,078	5,354,906	5,569,984	-
Compensated absences payable	108,707	96,958	205,665	-
Net pension liability - IMRF	646,909	693,098	1,340,007	-
Post-employment healthcare benefits obligation	1,067,691	1,122,332	2,190,023	-
Total noncurrent liabilities	<u>3,061,504</u>	<u>10,401,210</u>	<u>13,462,714</u>	<u>-</u>
Total liabilities	<u>3,945,052</u>	<u>12,112,899</u>	<u>16,057,951</u>	<u>260,018</u>
Deferred inflows of resources:				
Deferred items - IMRF	37,159	39,812	76,971	-
Combined assets and deferred inflows of resources	<u>\$ 3,982,211</u>	<u>\$ 12,152,711</u>	<u>\$ 16,134,922</u>	<u>\$ 260,018</u>
Net position:				
Net investment in capital assets	14,354,635	19,786,866	34,141,501	-
Unrestricted	<u>(555,910)</u>	<u>(859,255)</u>	<u>(1,415,165)</u>	<u>443,894</u>
Total net position	<u>\$ 13,798,725</u>	<u>\$ 18,927,611</u>	<u>\$ 32,726,336</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, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Operating revenues:				
Charges for services	\$ 3,864,621	\$ 4,620,104	\$ 8,484,725	\$ -
Fund charges and employee contributions	-	-	-	4,766,398
Miscellaneous operating revenues	-	-	-	256,929
Total operating revenues	<u>3,864,621</u>	<u>4,620,104</u>	<u>8,484,725</u>	<u>5,023,327</u>
Operating expenses:				
Reservoirs and sources of supply	25,923	-	25,923	-
Water treatment plant	973,051	-	973,051	-
Water distribution	453,911	-	453,911	-
Sewer collection system	-	398,548	398,548	-
Sewer lift stations	-	53,315	53,315	-
Wastewater treatment plant	-	1,004,071	1,004,071	-
Accounting and collection	412,976	382,278	795,254	-
Administrative and general	510,735	620,930	1,131,665	587,980
Insurance	-	-	-	1,298,306
Health claims and uninsured judgments	-	-	-	3,137,046
Depreciation	688,423	789,966	1,478,389	-
Total operating expenses	<u>3,065,019</u>	<u>3,249,108</u>	<u>6,314,127</u>	<u>5,023,332</u>
Operating income (loss)	<u>799,602</u>	<u>1,370,996</u>	<u>2,170,598</u>	<u>(5)</u>
Nonoperating revenues (expenses):				
Investment income	5,740	3,297	9,037	5
Interest expense	(36,445)	(52,379)	(88,824)	-
Gain on sale of capital assets	26,187	-	26,187	-
Total nonoperating revenues (expenses)	<u>(4,518)</u>	<u>(49,082)</u>	<u>(53,600)</u>	<u>5</u>
Change in net position	795,084	1,321,914	2,116,998	-
Total net position - beginning	<u>13,003,641</u>	<u>17,605,697</u>	<u>30,609,338</u>	<u>443,894</u>
Total net position - ending	<u>\$ 13,798,725</u>	<u>\$ 18,927,611</u>	<u>\$ 32,726,336</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, 2017

	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	\$ 3,890,754	\$ 4,631,574	\$ 8,522,328	\$ -
Receipts from interfund services provided	-	-	-	3,865,763
Receipts from component units	-	-	-	66,634
Receipts from employees and retirees	-	-	-	976,511
Payments to employees	(893,817)	(977,388)	(1,871,205)	-
Payments to suppliers	(905,083)	(893,380)	(1,798,463)	(1,910,979)
Payments to claimants	-	-	-	(3,139,825)
Payments for interfund services used	(370,754)	(473,215)	(843,969)	-
Other receipts	-	-	-	321,629
Net cash provided by operating activities	<u>1,721,100</u>	<u>2,287,591</u>	<u>4,008,691</u>	<u>179,733</u>
Cash flows from capital and related financing activities:				
(Decrease) in bank overdraft	-	-	-	(13,047)
Purchase of capital assets	(161,902)	(5,082,471)	(5,244,373)	-
Principal payments on debt	(536,558)	(966,295)	(1,502,853)	-
Interest and fiscal charges	(47,237)	(47,686)	(94,923)	-
Proceeds from debt	-	4,856,432	4,856,432	-
Proceeds from sale of assets	26,187	-	26,187	-
Net cash (used) for capital and related financing activities	<u>(719,510)</u>	<u>(1,240,020)</u>	<u>(1,959,530)</u>	<u>(13,047)</u>
Cash flows from investing activities:				
Investment income received (net of expense)	5,740	3,297	9,037	5
Net cash provided by investing activities	<u>5,740</u>	<u>3,297</u>	<u>9,037</u>	<u>5</u>
Net increase in cash	1,007,330	1,050,868	2,058,198	166,691
Cash, restricted and unrestricted - beginning	<u>1,457,159</u>	<u>3,561,078</u>	<u>5,018,237</u>	<u>280,984</u>
Cash, restricted and unrestricted - ending	<u>\$ 2,464,489</u>	<u>\$ 4,611,946</u>	<u>\$ 7,076,435</u>	<u>\$ 447,675</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, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 799,602	\$ 1,370,996	\$ 2,170,598	\$ (5)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	688,423	789,966	1,478,389	-
(Increase) decrease in assets:				
(Increase) decrease in receivables	(7,006)	11,470	4,464	65,157
(Increase) decrease in due from other funds	(6,228)	(12,407)	(18,635)	69,969
Decrease in due from component units	-	-	-	1,638
(Increase) in prepaid items	-	-	-	(7,733)
Decrease in deferred outflows of resources:				
Decrease in deferred items - IMRF	83,189	116,564	199,753	-
Increase (decrease) in liabilities:				
Increase (decrease) in accounts payable	28,198	(64,970)	(36,772)	(21,957)
Increase in payroll liabilities payable	2,454	4,671	7,125	-
Increase (decrease) in due to other funds	(8,848)	(10,352)	(19,200)	69,477
Increase in due to component units	-	-	-	968
Increase in compensated absences payable	10,269	14,828	25,097	-
Increase in other post-employment benefits payable	122,213	130,906	253,119	-
(Decrease) in net pension liability -IMRF	(61,463)	(103,893)	(165,356)	-
Increase in other payables	33,138	-	33,138	2,219
Increase in deferred inflows of resources:				
Increase in deferred items - IMRF	37,159	39,812	76,971	-
Net cash provided by operating activities	<u>\$ 1,721,100</u>	<u>\$ 2,287,591</u>	<u>\$ 4,008,691</u>	<u>\$ 179,733</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, 2017

	Pension Component Units
Assets:	
Cash	\$ 1,757,700
Interest receivable	91,103
Prepaid expenses	2,867
Due from primary government	62,720
Total assets other than investments	1,914,390
Investments, at fair value:	
Certificate of deposit	149,570
U.S. government obligations	3,003,791
Corporate and municipal bonds	4,093,503
Insurance contracts	22,357,821
Mutual funds	181,736
Stocks	1,303,662
Total investments	31,090,083
Total assets	33,004,473
Liabilities:	
Accounts payable	7,688
Pensions payable	201,109
Total liabilities	208,797
Net Position:	
Held in trust for pension benefits	\$ 32,795,676

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, 2017

	<u>Pension Component Units</u>
Additions:	
Contributions:	
Employer	\$ 2,970,832
Plan members	<u>454,168</u>
Total contributions	<u>3,425,000</u>
Investment income:	
Interest income	275,335
Dividend income	36,933
Net increase in fair value of investments	<u>2,889,259</u>
Net investment income	<u>3,201,527</u>
Total additions	<u>6,626,527</u>
Deductions:	
Benefits and refunds of contributions	4,432,897
Administrative expenses	<u>72,066</u>
Total deductions	<u>4,504,963</u>
Change in net position	2,121,564
Net position held in trust - beginning	<u>30,674,112</u>
Net position held in trust - ending	<u><u>\$ 32,795,676</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, 2017

**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, 2017

**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.

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.

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.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2017

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

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.).

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.).

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2017

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

GOVERNMENTAL FUNDS (Continued)

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

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.

The City of Mattoon reports the following nonmajor proprietary funds:

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

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

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

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2017

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

OTHER FUND TYPES

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

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.

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.

Unearned 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.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2017

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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 2015 tax extension to the City on July 1, 2016, July 22, 2016, September 30, 2016, and November 13, 2016. The City Council adopted the 2016 tax levy (receivable in calendar year 2017) on December 6, 2016. The 2016 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 2018 expenditures. Property tax revenues recorded in these financial statements are from the 2015 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."

During 2017, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which provides a framework for measuring fair value under U.S. generally accepted accounting principles. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. This statement requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels as described below.

- Level 1      Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2      Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means.
- Level 3      Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2017

**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 have been adjusted for estimated uncollectible accounts. No allowance for uncollectibles is considered necessary at year-end. Ambulance, water, and sewer customer 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, 2017

**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.

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, 2017

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

LONG-TERM OBLIGATIONS

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

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

FUND BALANCES

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

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

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

Committed Fund Balance – The portion of a governmental fund’s fund balance with self-imposed constraints or limitations that have been imposed by action of the government’s highest level of decision-making. The Mattoon City Council can establish committed fund balances by adopting ordinances for such purposes. The General Fund and Capital Projects Fund present committed fund balances for capital outlay and the demolition of dilapidated structures.

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

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2017

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

FUND BALANCES (Continued)

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

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

NET POSITION

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

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

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

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

The governmental activities column on the statement of net position reports a restricted amount of \$3,914,771 of which \$1,632,162 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 19, 2016.

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, 2017

**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	\$ (7,935,000)
Plus: bond premium (to be amortized as interest expense)	(68,725)
Accrued interest payable	(171,623)
Capital leases payable	(276,987)
Notes payable	(954,659)
Compensated absences payable	(1,070,967)
Net pension liability - IMRF	(1,240,403)
Net pension liability - police pension	(34,806,152)
Net pension liability - firefighter pension	(35,418,101)
Post-employment healthcare benefits obligation	<u>(8,045,966)</u>
Net adjustment to reduce "total fund balances, governmental funds" to arrive at "net position of governmental activities"	<u><u>\$ (89,988,583)</u></u>

Another element of that reconciliation states that "differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings for the pension trust funds and Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position." The details of the reconciling amounts are as follows:

Deferred outflows - IMRF	\$ 819,966
Deferred outflows - Mattoon Police Pension Trust Fund	9,030,989
Deferred outflows - Mattoon Firefighters Pension Trust Fund	3,792,786
Deferred inflows - IMRF	(71,250)
Deferred inflows - Mattoon Police Pension Trust Fund	(1,682,255)
Deferred inflows - Mattoon Firefighters Pension Trust Fund	<u>(1,604,376)</u>
	<u><u>\$ 10,285,860</u></u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**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 change 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	\$ 2,646,871
Depreciation	<u>(1,194,490)</u>
Net adjustment to reduce "net change in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	<u>\$ 1,452,381</u>

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

Net gain (loss) on disposal of capital assets	\$ 3,039
Proceeds from sale of assets	<u>(7,591)</u>
Net adjustment to reduce "net change in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	<u>\$ (4,552)</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**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	\$	610,000
Capital leases		48,325
Notes payable		136,910
Amortization of bond premium		<u>6,837</u>
Net adjustment to increase "net change in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	\$	<u>802,072</u>

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	\$	(38,325)
Accrued interest		11,380
Post employment healthcare benefits obligation		(848,096)
Change in the net pension liability:		
IMRF	188,665	
Mattoon Police Pension Trust Fund	961,427	
Mattoon Firefighters Police Pension Trust Fund	<u>552,338</u>	1,702,430
Change in deferred inflows and outflows of resources:		
IMRF	(281,826)	
Mattoon Police Pension Trust Fund	(4,178,970)	
Mattoon Firefighters Police Pension Trust Fund	<u>(2,281,371)</u>	<u>(6,742,167)</u>
Net adjustment to reduce "net change in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	\$	<u>(5,914,778)</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**3 DEPOSITS AND INVESTMENTS**

A. DEPOSITS

At April 30, 2017, the carrying amount of the primary government's deposits was \$14,759,232 and the bank balance was \$14,789,023. The governmental component unit (Mattoon Public Library) had deposits with a carrying amount of \$185,007 and bank balances totaling \$200,049. The fiduciary component units had deposits with a carrying amount of \$1,757,700 and bank balances totaling \$1,757,736. 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, 2017, 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 \$4,173,178, with \$3,923,178 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 \$10,604,899, with \$10,354,899 uninsured by FDIC, but fully collateralized by securities pledged by the financial institution.

B. INVESTMENTS

At April 30, 2017, the City's primary government had the following investments:

Investment Type	Fair Value	Average Credit Rating	Weighted Avg. Maturity (Years)
Illinois Funds Money Market Fund	<u>\$ 3,644,087</u>	AAAm	Demand *

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

At April 30, 2017, the City's governmental component unit (Mattoon Public Library) had the following investment:

Investment Type	Fair Value	Average Credit Rating	Weighted Avg. Maturity (Years)
Investment pool - Southeastern Illinois Community Foundation	<u>\$ 39,518</u>	N/A	N/A

At April 30, 2017, the City's fiduciary component units had the following investments:

Investment Type	Level of Hierarchy	Fair Value	Average Credit Rating	Weighted Avg. Maturity (Years)
Mutual funds	1	\$ 181,736	N/A	N/A
Common stock	1	1,303,662	N/A	N/A
Certificates of deposit	2	149,570	N/A	N/A
U.S. government obligations	2	3,003,791	AA+/AAA	19.68
Corporate and municipal bonds	2	4,093,503	A+/AA3	5.66
Insurance contracts		<u>22,357,821</u>	A/A2	N/A
Total		<u>\$ 31,090,083</u>		

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**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, 2017

**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 National Mortgage Association (5.86%), and AIG Annuity Insurance Company annuities (29.09%), and Voya Insurance and Annuity Company annuities (39.37%).

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	\$ 14,759,232	\$ 185,007	\$ 1,757,700
Investments, at fair value	3,644,087	39,518	31,090,083
Cash on hand	730	215	-
	<u>\$ 18,404,049</u>	<u>\$ 224,740</u>	<u>\$ 32,847,783</u>
Total deposits, investments and cash on hand			
	<u>\$ 18,404,049</u>	<u>\$ 224,740</u>	<u>\$ 32,847,783</u>
Cash, certificates of deposit and investments per statements:			
Cash and cash equivalents	\$ 17,146,522	\$ 185,222	\$ 1,757,700
Investments, at fair value	-	8,882	31,090,083
Restricted assets:			
Cash and cash equivalents	1,248,647	-	-
Certificates of deposit	8,880	-	-
Investments, at fair value	-	30,636	-
	<u>\$ 18,404,049</u>	<u>\$ 224,740</u>	<u>\$ 32,847,783</u>
Total cash and cash equivalents, certificates of deposit and investments			
	<u>\$ 18,404,049</u>	<u>\$ 224,740</u>	<u>\$ 32,847,783</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**4 RECEIVABLES**

Receivables balances as of April 30, 2017, for the primary government were as follows:

	Governmental Activities				
	Governmental Funds			Proprietary Funds	
	General Fund	Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Property taxes	\$ 4,336,000	\$ -	\$ -	\$ -	\$ 4,336,000
TIF property tax increment	-	-	884,288	-	884,288
Business district taxes	-	-	77,035	-	77,035
Utility taxes	117,424	-	-	-	117,424
Telecommunications taxes	178,753	-	-	-	178,753
Income and use taxes	733,670	-	-	-	733,670
Sales taxes	1,537,811	-	-	-	1,537,811
Personal property replacement taxes	87,539	-	-	-	87,539
Motor fuel taxes	-	-	81,816	-	81,816
Other taxes	62,590	-	65,406	-	127,996
Grants	20,113	-	-	-	20,113
Ambulance, net	112,914	-	-	-	112,914
Other receivables	108,728	-	51,639	12,793	173,160
<b>Total</b>	<b>\$ 7,295,542</b>	<b>\$ -</b>	<b>\$ 1,160,184</b>	<b>\$ 12,793</b>	<b>\$ 8,468,519</b>

The ambulance billing receivable has been reduced by an allowance for uncollectible accounts of \$189,684.

	Business-Type Activities		
	Proprietary Funds		
	Water Fund	Sewer Fund	Total
Customer receivables	\$ 475,057	\$ 598,474	\$ 1,073,531
Other receivables	105	1,325	1,430
Less: allowance for uncollectible accounts	(1,776)	(3,691)	(5,467)
<b>Total</b>	<b>\$ 473,386</b>	<b>\$ 596,108</b>	<b>\$ 1,069,494</b>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

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

Payables and receivables between funds consisted of the following at April 30, 2017:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
<u>Governmental Funds:</u>		
General Fund	\$ 61,623	\$ 191,010
Capital Projects Fund	127,312	-
<u>Other Governmental Funds</u>		
Hotel and Motel Tax Fund	109	481
Motor Fuel tax Fund	-	11,896
Total other governmental funds	109	12,377
Total governmental funds	189,044	203,387
<u>Proprietary Funds:</u>		
<u>Enterprise Funds:</u>		
Water Fund	7,654	12,952
Sewer Fund	15,044	14,241
Total Enterprise Funds	22,698	27,193
<u>Internal Service Funds:</u>		
Health Insurance Fund	103,268	-
Insurance and Tort Judgment Fund	-	84,430
Total Internal Service Funds	103,268	84,430
Total Proprietary Funds	125,966	111,623
Due To/From Other Funds	\$ 315,010	\$ 315,010

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 amount receivable to the Capital Projects Fund from the Motor Fuel Tax Fund is for amounts owed for 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, 2017

**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, 2017:

Due between primary government and component units

Fund	Receivable	Payable
Primary Government:		
Governmental Fund:		
General Fund	\$ 14,869	\$ 62,720
Proprietary Funds:		
Internal Service Funds:		
Health Insurance Fund	1,770	-
Insurance and Tort Judgment Fund	-	1,183
Total Internal Service Funds	1,770	1,183
Total Primary Government	16,639	63,903
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	1,183	16,639
Fiduciary Component Units:		
Mattoon Firefighters Pension Fund	31,360	-
Mattoon Police Pension Fund	31,360	-
Total Fiduciary Component Units	62,720	-
Total Component Units	63,903	16,639
Due between primary government and component units	\$ 80,542	\$ 80,542

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	\$ 49,718	\$ -
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	-	49,718
Advance between primary government and component units	\$ 49,718	\$ 49,718

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, 2017

**6 CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2017, was as follows:

	<u>Balance</u> <u>April 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2017</u>
Primary government:				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,215,264	\$ 33,885	\$ -	\$ 3,249,149
Construction in progress	<u>1,064,223</u>	<u>1,688,574</u>	<u>75,528</u>	<u>2,677,269</u>
Total capital assets not being depreciated	<u>4,279,487</u>	<u>1,722,459</u>	<u>75,528</u>	<u>5,926,418</u>
Capital assets being depreciated:				
Building and improvements	10,464,922	-	16,560	10,448,362
Less: Accumulated depreciation	<u>(3,373,497)</u>	<u>(244,845)</u>	<u>(16,560)</u>	<u>(3,601,782)</u>
Buildings and improvements, net	<u>7,091,425</u>	<u>(244,845)</u>	<u>-</u>	<u>6,846,580</u>
Infrastructure	60,947,866	-	-	60,947,866
Less: Accumulated depreciation	<u>(49,623,060)</u>	<u>(552,809)</u>	<u>-</u>	<u>(50,175,869)</u>
Infrastructure, net	<u>11,324,806</u>	<u>(552,809)</u>	<u>-</u>	<u>10,771,997</u>
Improvements other than building	4,247,009	891,209	-	5,138,218
Less: Accumulated depreciation	<u>(611,621)</u>	<u>(164,395)</u>	<u>-</u>	<u>(776,016)</u>
Improvements other than building, net	<u>3,635,388</u>	<u>726,814</u>	<u>-</u>	<u>4,362,202</u>
Equipment, furniture and vehicles	6,143,492	108,730	81,870	6,170,352
Less: Accumulated depreciation	<u>(5,546,392)</u>	<u>(232,441)</u>	<u>(77,319)</u>	<u>(5,701,514)</u>
Equipment, furniture and vehicles, net	<u>597,100</u>	<u>(123,711)</u>	<u>4,551</u>	<u>468,838</u>
Total capital assets being depreciated, net	<u>22,648,719</u>	<u>(194,551)</u>	<u>4,551</u>	<u>22,449,617</u>
Total governmental activities, capital assets, net	<u>\$ 26,928,206</u>	<u>\$ 1,527,908</u>	<u>\$ 80,079</u>	<u>\$ 28,376,035</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**6 CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended April 30, 2017, was as follows: (continued)

	<u>Balance April 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2017</u>
Primary government (continued):				
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 587,155	\$ -	\$ -	\$ 587,155
Construction in progress	<u>2,768,255</u>	<u>4,955,455</u>	<u>88,625</u>	<u>7,635,085</u>
Total capital assets not being depreciated	<u>3,355,410</u>	<u>4,955,455</u>	<u>88,625</u>	<u>8,222,240</u>
Capital assets being depreciated:				
Building and improvements	13,250,379	-	-	13,250,379
Less: Accumulated depreciation	<u>(5,632,683)</u>	<u>(229,902)</u>	<u>-</u>	<u>(5,862,585)</u>
Buildings and improvements, net	<u>7,617,696</u>	<u>(229,902)</u>	<u>-</u>	<u>7,387,794</u>
Improvements other than building	215,627	88,625	-	304,252
Less: Accumulated depreciation	<u>(161,282)</u>	<u>(5,958)</u>	<u>-</u>	<u>(167,240)</u>
Improvements other than building, net	<u>54,345</u>	<u>82,667</u>	<u>-</u>	<u>137,012</u>
Treatment, collection, and distribution systems	51,662,498	-	-	51,662,498
Less: Accumulated depreciation	<u>(27,757,520)</u>	<u>(966,694)</u>	<u>-</u>	<u>(28,724,214)</u>
Treatment, collection, and distribution systems, net	<u>23,904,978</u>	<u>(966,694)</u>	<u>-</u>	<u>22,938,284</u>
Equipment, furniture and vehicles	4,073,028	288,918	22,995	4,338,951
Less: Accumulated depreciation	<u>(2,977,940)</u>	<u>(275,835)</u>	<u>(22,995)</u>	<u>(3,230,780)</u>
Equipment, furniture and vehicles, net	<u>1,095,088</u>	<u>13,083</u>	<u>-</u>	<u>1,108,171</u>
Total capital assets being depreciated, net	<u>32,672,107</u>	<u>(1,100,846)</u>	<u>-</u>	<u>31,571,261</u>
Total business-type activities, capital assets, net	<u>\$ 36,027,517</u>	<u>\$ 3,854,609</u>	<u>\$ 88,625</u>	<u>\$ 39,793,501</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**6 CAPITAL ASSETS (Continued)**

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

Governmental activities:

General government	\$ 221,551
Public safety	200,063
Public works	682,490
Culture and recreation	83,169
Health and welfare	7,217
	<u>1,194,490</u>
Governmental activities, depreciation expense	<u>\$ 1,194,490</u>

Business-type activities:

Water	\$ 688,423
Sewer	789,966
	<u>1,478,389</u>
Business-type activities, depreciation expense	<u>\$ 1,478,389</u>

During 2017, interest expense of \$35,009 and \$106,871 was capitalized for governmental and business-type activities, respectively.

Analysis of changes in component unit capital assets:

Component unit (Mattoon Public Library):	Balance			Balance
Governmental activities:	April 30, 2016	Additions	Deletions	April 30, 2017
Capital assets being depreciated:				
Building and improvements	\$ 2,810,962	\$ 120,522	\$ -	\$ 2,931,484
Less: Accumulated depreciation	(1,104,264)	(57,424)	-	(1,161,688)
Buildings and improvements, net	<u>1,706,698</u>	<u>63,098</u>	<u>-</u>	<u>1,769,796</u>
Equipment, furniture and vehicles	140,548		3,286	137,262
Less: Accumulated depreciation	(108,892)	(14,996)	(3,286)	(120,602)
Equipment, furniture and vehicles, net	<u>31,656</u>	<u>(14,996)</u>	<u>-</u>	<u>16,660</u>
Component unit, capital assets, net	<u>\$ 1,738,354</u>	<u>\$ 48,102</u>	<u>\$ -</u>	<u>\$ 1,786,456</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>\$ 72,420</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**7 CONSTRUCTION IN PROGRESS**

The City has active construction projects in progress as of April 30, 2017. The projects include construction of the public works building, the construction of a drainage project, continuing upgrade of WWTP and WTP software, construction projects at the Burgess-Osborne Memorial Auditorium, Heritage Park project, and various street improvements. The renovation of the lake dam has been delayed due to budgetary constraints. However, amounts that have been spent to date will be applicable when construction resumes. At April 30, 2017, the City's construction in progress is as follows:

Project:	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Primary government:		
Governmental activities:		
Burgess-Osborne auditorium	\$ 132,375	\$ 88,603
Public works building	1,357,182	1,700,000
43rd St/9th St./IL-16//Dettro Dr. design	87,886	41,411
Heritage park project	1,096,479	12,000
Marshall Avenue design & construction- phase 2	3,347	90,000
Total governmental activities	<u>\$ 2,677,269</u>	<u>\$ 1,932,014</u>
Business-type activities:		
CSO/long term control plan	\$ 7,553,488	\$ 10,896,018
WWTP SCADA updates	56,079	2,564
WWTP screen replacements	8,075	1,000,000
WTP SCADA updates	2,489	150,000
Ground storage tank	14,954	15,000
Total business-type activities	<u>\$ 7,635,085</u>	<u>\$ 12,063,582</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, 2016	\$ 39,473
Less: cost of crypts sold	<u>-</u>
Mausoleum carrying value, April 30, 2017	39,473
Land held for future expansion, estimated carrying value, April 30, 2017	<u>21,179</u>
Total	<u>\$ 60,652</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**9 DEFERRED OUTFLOWS - ADVANCE REFUNDING ON DEBT CHARGES**

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 \$59,037. For business-type activities, deferred outflows of resources consists of advance refunding of debt charges with an original amount of \$267,141 less accumulated amortization of \$260,069. Amortization of advance refunding of debt charges for the year ended April 30, 2017, was \$4,787 for governmental activities and \$10,608 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 Health Insurance Fund has restricted cash for the employees' flexible spending account. The Mattoon Public Library has restricted investments related to an endowment and accumulated earnings and restricted contributions and grants.

**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 little administrative involvement and performs no investing function for this plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the City's creditors. Accordingly, these plan assets are not reflected in the financial statements.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**12 GENERAL OBLIGATION BONDS**

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%	\$ 4,475,000
Series 2009B (Taxable)	December 2028	4.00% - 5.70%	3,110,000
Governmental activities - refunding:			
Series 2014 Refunding Bonds	December 2018	2.00%	<u>350,000</u>
Total governmental activities bonds			<u><u>\$ 7,935,000</u></u>
		<u>Interest Rates</u>	<u>Amount</u>
Business-type activities - refunding:			
Series 2014 Refunding Bonds	December 2017	2.00%	\$ 395,000
Series 2014 Refunding Bonds	December 2019	2.00%	1,455,000
Series 2014 Refunding Bonds	December 2023	2.00% - 3.00%	<u>3,505,000</u>
Total business-type activities bonds			<u><u>\$ 5,355,000</u></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>
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	535,000	282,738	540,000	58,500
2022	570,000	261,323	555,000	42,300
2023-2027	3,375,000	900,816	855,000	34,200
2028-2031	<u>1,655,000</u>	<u>122,875</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 7,935,000</u></u>	<u><u>\$ 2,537,950</u></u>	<u><u>\$ 5,355,000</u></u>	<u><u>\$ 439,700</u></u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**13 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, 2017, were as follows:

Years Ending April 30,	Governmental Activities
2018	\$ 64,452
2019	64,452
2020	64,452
2021	64,452
2022	46,433
	304,241
Total minimum lease payments	304,241
Less: amount representing interest	(27,254)
Present value of minimum lease payments	\$ 276,987

**14 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%	\$ 351,541
First Mid-Illinois Bank & Trust note, serviced by the South Rt 45 TIF Fund, proceeds used to fund business development along South Rt 45, refinanced September 2016	November 2029	4.875%	547,294

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**14 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%	\$ 55,824
Total governmental activities notes			<u>\$ 954,659</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%	\$ 283,317
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for sewer wastewater treatment plant rehabilitation	January 2018	2.865%	34,500
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for sewer system improvements, loan executed December 2015, \$5,417,225 of an available \$6,178,861 borrowing base has been drawn down by the City, repayment of loan begins August 3, 2017 with a 19.5 year term	August 2036	1.860%	5,417,225
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>224,594</u>
Total business-type activities notes			<u>\$ 5,959,636</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>
2018	\$ 142,480	\$ 37,249	\$ 389,653	\$ 113,073
2019	147,355	32,351	362,550	104,933
2020	122,937	28,075	370,103	97,379
2021	126,742	24,269	377,809	89,674
2022	37,388	20,198	250,715	81,787
2023 - 2027	216,082	71,849	1,325,623	336,883
2028 - 2032	161,675	16,146	1,454,196	208,311
2033 - 2037	-	-	1,428,987	67,268
Total	<u>\$ 954,659</u>	<u>\$ 230,137</u>	<u>\$ 5,959,636</u>	<u>\$ 1,099,308</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**15 CHANGE IN LONG-TERM LIABILITIES**

Long-term liability activity for the primary government for the year ended April 30, 2017, was as follows:

	Balance April 30, 2016	Additions	Reductions	Balance April 30, 2017	Due Within One Year
Primary government:					
Governmental activities:					
General obligation bonds	\$ 8,545,000	\$ -	\$ 610,000	\$ 7,935,000	\$ 635,000
Add amounts:					
For issuance premiums	75,562	-	6,837	68,725	-
Total general obligation bonds	8,620,562	-	616,837	8,003,725	635,000
Capital leases	325,312	-	48,325	276,987	55,055
Notes payable	1,091,569	-	136,910	954,659	142,480
Compensated absences	1,032,642	38,325	-	1,070,967	214,193
Net pension liability - IMRF	1,429,068	-	188,665	1,240,403	-
Net pension liability - police pension fund	35,767,579	-	961,427	34,806,152	-
Net pension liability - firefighters' pension fund	35,970,439	-	552,338	35,418,101	-
Post-employment healthcare benefits	7,197,870	848,096	-	8,045,966	-
Governmental activities, long-term liabilities	<u>\$ 91,435,041</u>	<u>\$ 886,421</u>	<u>\$ 2,504,502</u>	<u>\$ 89,816,960</u>	<u>\$ 1,046,728</u>
Business-type activities:					
General obligation bonds	\$ 6,705,000	\$ -	\$ 1,350,000	\$ 5,355,000	\$ 1,375,000
Add amounts:					
For issuance premiums	205,986	-	28,951	177,035	-
Total general obligation bonds	6,910,986	-	1,378,951	5,532,035	1,375,000
Notes payable	1,256,057	4,856,432	152,853	5,959,636	389,652
Compensated absences	231,986	25,096	-	257,082	51,417
Net pension liability - IMRF	1,505,363	-	165,356	1,340,007	-
Post-employment healthcare benefits	1,936,903	253,120	-	2,190,023	-
Business-type activities, long-term liabilities	<u>\$ 11,841,295</u>	<u>\$ 5,134,648</u>	<u>\$ 1,697,160</u>	<u>\$ 15,278,783</u>	<u>\$ 1,816,069</u>
Component unit (Mattoon Public Library):					
Governmental activities:					
Notes payable	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 5,000
Compensated absences	16,813	-	1,888	14,925	2,985
Component unit, long-term liabilities	<u>\$ 16,813</u>	<u>\$ 50,000</u>	<u>\$ 1,888</u>	<u>\$ 64,925</u>	<u>\$ 7,985</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**16 DEFERRED INFLOWS OF RESOURCES**

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

	General Fund	Other Governmental Funds
Property taxes	\$ 4,336,000	\$ 884,288
Sales and other related taxes	596,461	57,726
Income taxes	377,307	-
Grant revenue	13,680	-
Service revenue	102,048	-
Totals	<u>\$ 5,425,496</u>	<u>\$ 942,014</u>

**17 TAXES**

Tax revenues during the year ended April 30, 2017, were as follows:

	General Fund	Other Governmental Funds
Property taxes	\$ 4,145,492	\$ -
TIF property tax increment	-	473,863
Telecommunication taxes	791,993	-
Utility taxes	1,417,576	-
Business district taxes	-	308,808
Road and bridge taxes	152,471	-
Hotel taxes	-	327,769
Cable TV franchise taxes	188,874	-
Gas and electric franchise taxes	190,880	-
Totals	<u>\$ 6,887,286</u>	<u>\$ 1,110,440</u>

**18 INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues during the year ended April 30, 2017, were as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds
Income and use taxes	\$ 1,958,319	\$ -	\$ -
Sales taxes	6,222,685	-	-
Personal property replacement taxes	569,355	-	-
Video gaming tax	313,597	-	-
Pull tabs and jar games tax	8,229	-	-
Motor fuel taxes	-	-	469,556
Foreign fire insurance taxes	34,896	-	-
Grants and contributions	134,005	215,531	494,897
Totals	<u>\$ 9,241,086</u>	<u>\$ 215,531</u>	<u>\$ 964,453</u>

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

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

	For Tax Levy Year		
	2016	2015	2014
Assessed valuation	\$ 197,365,815	\$ 192,469,579	\$ 190,432,435
Rate per \$100, excluding road and bridge rate	2.13233	2.14922	2.14593
Taxes extended, excluding road and bridge taxes	4,208,490	4,136,595	4,086,547
Add: City's share of road and bridge taxes extended	155,719	152,978	151,024
Total taxes extended	<u>\$ 4,364,209</u>	<u>\$ 4,289,573</u>	<u>\$ 4,237,571</u>
Taxes available to City after abatements and losses in collection (2016 estimated)	<u>\$ 4,336,000</u>	<u>\$ 4,272,385</u>	<u>\$ 4,200,258</u>
Percentage of extension available to City (2016 estimated)	<u>99.35%</u>	<u>99.60%</u>	<u>99.12%</u>

	For Tax Levy Year		
	2016	2015	2014
Distribution of taxes available (2016 estimated):			
General fund:			
General government	\$ 36,000	\$ 578,819	\$ 695,572
Fire protection	294,000	287,541	283,123
Police protection	294,000	287,541	283,123
Street, including road & bridge	155,000	152,471	149,855
Park	147,000	143,769	141,562
Mattoon Public Library	451,000	440,897	434,122
Firefighters pension fund	1,574,000	1,238,586	1,088,793
Police Pension Fund	1,385,000	1,142,761	1,124,108
	<u>\$ 4,336,000</u>	<u>\$ 4,272,385</u>	<u>\$ 4,200,258</u>

The City Council has abated the 2014, 2015, and 2016 tax levies applicable to all outstanding general obligation bonds.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

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

Operating transfers between funds during the year ended April 30, 2017, were as follows:

Transfers In	Transfers Out	Amount
South Rt. 45 TIF District Fund	South Rt. 45 Business District Fund	\$ 44,000
Capital Projects Fund	General Fund	731,530
	Total	\$ 775,530

The first transfer was for spending related to the South Route 45 TIF District Fund. The second transfer reclassified amounts of one-half sales tax increase earmarked for capital projects.

**21 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND**

*IMRF Plan Description*

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this footnote. Details of all benefits are available from IMRF. Benefits provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

*Benefits Provided*

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employee hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employee who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased 3% of the original amount on January 1 every year after retirement.

CITY OF MATTOON, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the Year Ended April 30, 2017

**21 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months with the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Employees Covered by Benefit Terms*

As of December 31, 2016, the following employees were covered by the benefit terms:

	Participants
Retirees and Beneficiaries currently receiving benefits	138
Inactive Plan Members entitled to but not yet receiving benefits	24
Active Plan Members	69
Total	231

*Contributions*

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution for calendar year 2016 was 11.57%. For the fiscal year ended April 30, 2017, the City contributed \$424,899 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Net Pension Liability*

The City's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50% (regular) and 7.50% (ECO).

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**21 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

*Actuarial Assumptions (Continued)*

- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

*Single Discount Rate*

A Single Discount Rate of 7.50% (regular) and 7.50% (ECO) was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**21 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

*Single Discount Rate (Continued)*

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50% (regular) and 7.50% (ECO), the municipal bond rate is 3.57%, and the resulting single discount rate is 7.50% (regular) and 7.50% (ECO).

*Changes in the Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 34,760,152	\$ 31,825,721	\$ 2,934,431
Changes for the year:			
Service Cost	430,604	-	430,604
Interest on the Total Pension Liability	2,545,607	-	2,545,607
Differences Between Expected and Actual Experience of the Total Pension Liability	(201,004)	-	(201,004)
Changes of Assumptions	(82,309)	-	(82,309)
Contributions - Employer	-	428,047	(428,047)
Contributions - Employees	-	166,483	(166,483)
Net Investment Income	-	2,195,532	(2,195,532)
Benefit Payments, including Refunds of Employee Contributions	(1,886,904)	(1,886,904)	-
Other (Net Transfer)	-	256,857	(256,857)
Net Changes	805,994	1,160,015	(354,021)
Balances at December 31, 2016	\$ 35,566,146	\$ 32,985,736	\$ 2,580,410

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the plans' net pension liability, calculated using a Single Discount Rate of 7.50% for the regular plan and 7.50% for the ECO plan, as well as what the plans' net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net Pension Liability (Asset) - regular	\$ 7,010,550	\$ 2,580,410	\$ (1,082,850)

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**21 DEFINED BENEFIT PENSION PLAN - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

For the year ended April 30, 2017, the City recognized pension expense of \$629,428. At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension Expense in future periods:		
Differences between expected and actual experience	\$ 65,033	\$ 89,401
Changes in assumptions	31,250	56,684
Net difference between projected and actual earnings on pension plan investments	1,482,541	2,136
Total deferred amounts to be recognized in pension expense in future periods	1,578,824	148,221
Pension contributions made subsequent to the measurement date	126,950	-
Total deferred amounts related to pensions	\$ 1,705,774	\$ 148,221

\$126,950 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2017	\$ 495,842	\$ -
2018	434,953	-
2019	469,295	-
2020	30,513	-
2021	-	-
Thereafter	-	-
Total	\$ 1,430,603	\$ -

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**22 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 appointed by the Mayor or elected by each Pension Fund's members.

Plan Membership - At April 30, 2017, pension plan membership consisted of the following:

	Police Pension	Firefighters Pension
Inactive plan members or beneficiaries currently receiving benefits	45	53
Inactive plan members entitled to but not yet receiving benefits	-	2
Active plan members	38	31
	83	86

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, 2017

**22 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, 2017

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

CONTRIBUTIONS (Continued)

However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial costs method that will result in the funding of 90% of the past service costs of each pension fund by the end of the municipal fiscal year 2040 as required by ILCS. For the year ended April 30, 2017, the City's contribution was 56.9% of covered Police payroll and 71.4% of covered Firefighter payroll.

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, 2012 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, 2017 are listed in the table below.

Asset Class	Long-Term Expected Real Rate of Return
Cash Alternatives	0.00%
Short-term tax-exempt fixed income	-0.40%
Intermediate tax-exempt fixed income	0.10%
Long-term tax-exempt fixed income	0.50%
Public Real Estate	6.20%
Private Real Estate	6.30%

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

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

INVESTMENTS (Continued)

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large Cap Equities	6.40%
U.S. Mid Cap Equities	7.30%
U.S. Small Cap Equities	7.80%
Developed Market ex. U.S. Equities	6.40%
Developed Market ex. U.S. Small Cap Equities	7.50%
Emerging market equity	9.00%
Commodities	3.00%

Rate of Return -- For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.99% and 10.47% 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.

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation performed as of April 30, 2017 (May 1, 2017) using the following actuarial methods and assumptions.

	Police	Firefighter
Actuarial Valuation Date	April 30, 2017	April 30, 2017
Actuarial Cost Method	Entry-age normal	Entry-age normal
Amortization	Straight-line	Straight-line
Actuarial Assumptions:		
Discount rate used for the total pension liability	5.31%	5.68%
Long Term Expected Rate of return on plan assets	6.75%	6.75%
High Quality 20 year tax-exempt G.O. Bond rate	3.82%	3.82%
Inflation	2.50%	2.50%
Salary increases	2.5% - 22.43%	3.5% - 12.19%
Cost of living adjustments	2.50%	2.50%
Mortality Rate Assumption	L&A 2016 IL Police Study	L&A 2016 IL Firefighter Study

All rates are assumed to be annual rates compounded on an annual basis. Some assumptions were changed from the prior year. The assumed rate on High Quality 20 year Tax-Exempt G.O. Bonds was changed from 3.32% to 3.82%. In addition, the discount rate was adjusted as noted in the following paragraph.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

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

DISCOUNT RATE

The single discount rate used to measure the total pension liability was 5.31% for the Police Pension Fund and 5.68% for the Firefighters' Pension Fund in the current year. In the prior year, the discount rate used to measure the total pension liability was 5.21% for the Police Pension Fund and 5.49% for the Firefighters' Pension Fund. The projection of cash flows used to determine these single discount rates 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. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuations, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.82%, and the resulting single discount rate is 5.31% for the Police Pension Fund and 5.68% for the Firefighters' Pension Fund.

Discount Rate Sensitivity -- The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Police and Firefighter's Pension fund calculated using the discount rate of 5.31% and 5.68%, respectively as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

<u>Employer Net Pension Liability</u>	<u>1% Decrease 4.31%</u>	<u>Current Discount Rate - 5.31%</u>	<u>1% Increase 6.31%</u>
Police Pension Fund	\$ 43,127,509	\$ 34,806,152	\$ 28,144,719
<u>Employer Net Pension Liability</u>	<u>1% Decrease 4.68%</u>	<u>Current Discount Rate - 5.68%</u>	<u>1% Increase 6.68%</u>
Firefighters' Pension Fund	\$ 42,681,988	\$ 35,418,101	\$ 29,503,816

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.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

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

PENSION LIABILITY

Changes in the Net Pension Liability:

	Police Pension Fund		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at April 30, 2016	\$ 51,818,078	\$ 16,050,499	\$ 35,767,579
Changes for the year:			
Service cost	952,466	-	952,466
Interest	2,696,963	-	2,696,963
Actuarial experience	154,740	-	154,740
Assumptions changes	(1,474,935)	-	(1,474,935)
Contributions - employer	-	1,437,453	(1,437,453)
Contributions - employee	-	249,841	(249,841)
Net investment income	-	1,656,958	(1,656,958)
Benefit payments, including refunds	(2,055,641)	(2,055,641)	-
Administrative expense	-	(53,591)	53,591
Net changes	273,593	1,235,020	(961,427)
Balances at April 30, 2017	\$ 52,091,671	\$ 17,285,519	\$ 34,806,152

	Firefighters' Pension Fund		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at April 30, 2016	\$ 50,594,052	\$ 14,623,613	\$ 35,970,439
Changes for the year:			
Service cost	712,881	-	712,881
Interest	2,806,228	-	2,806,228
Actuarial experience	634,737	-	634,737
Assumptions changes	(1,442,384)	-	(1,442,384)
Contributions - employer	-	1,533,379	(1,533,379)
Contributions - employee	-	204,327	(204,327)
Net investment income	-	1,544,569	(1,544,569)
Benefit payments, including refunds	(2,377,256)	(2,377,256)	-
Administrative expense	-	(18,475)	18,475
Net changes	334,206	886,544	(552,338)
Balances at April 30, 2017	\$ 50,928,258	\$ 15,510,157	\$ 35,418,101

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

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

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended April 30, 2017, the City recognized pension expense of \$4,654,995 for the Police Pension fund and \$3,262,412 for the Firefighters' Pension Fund. At April 30, 2017, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Police Pension Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 588,312	\$ -
Changes of assumptions	7,332,507	1,212,023
Net difference between projected and actual Earnings on pension plan investments	1,110,170	470,232
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 9,030,989</u>	<u>\$ 1,682,255</u>

Contributions subsequent to the measurement date may be recognized as a reduction to the NPL. However, as presented above, there were no contributions subsequent to the measurement date. Subsequent to the measurement date, the following amounts will be recognized in pension expense in the upcoming years:

Year ended April 30:	
2018	\$ 2,263,184
2019	2,263,184
2020	2,263,183
2021	702,733
2022	(143,550)
Thereafter	-
	<u>\$ 7,348,734</u>

	Firefighters' Pension Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 928,130	\$ -
Changes of assumptions	1,787,607	1,140,630
Net difference between projected and actual earnings on pension plan investments	1,077,049	463,746
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 3,792,786</u>	<u>\$ 1,604,376</u>

CITY OF MATTOON, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the Year Ended April 30, 2017

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

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

Contributions subsequent to the measurement date may be recognized as a reduction to the NPL. However, there were no contributions subsequent to the measurement date. Subsequent to the measurement date, the following amounts will be recognized in pension expense in the upcoming years:

Year ended April 30:		
2018	\$	894,041
2019		894,041
2020		648,058
2021		(247,730)
2022		-
Thereafter		-
	<u>\$</u>	<u>2,188,410</u>

**23 POST-EMPLOYMENT HEALTHCARE BENEFITS**

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

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

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

**FUNDING POLICY**

For fiscal year 2017, the City contributed \$1,156,252 for retiree healthcare benefits. For retirees hired prior to May 1, 2007, the City required retirees with monthly pensions less than \$1,625 per month to contribute \$115 per month for those with no dependents or \$308 per month for those with dependents, 20% of the total cost of their healthcare. Retirees with a monthly pension greater than \$1,625 per month were required to contribute \$201 per month for those with no dependents or \$539 per month for those with dependents, 35% of the total cost of their healthcare. Retirees hired after April 30, 2007, pay 100% of the blended average monthly cost. 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.

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

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

ANNUAL OPEB COST AND NET OPEB OBLIGATION

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

Item	Total
Annual required contribution	\$ 2,383,053
Interest on net OPEB Obligation	411,065
Adjustment to annual required contribution	(536,650)
Annual OPEB cost (expense)	2,257,468
Contributions made	(1,156,252)
Increase in net OPEB obligation	1,101,216
Net OPEB obligation - beginning of year	9,134,773
Net OPEB obligation - end of year	\$ 10,235,989

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
2017	\$ 2,257,468	51.20%	\$ 10,235,989
2016	2,274,082	46.90%	9,134,773
2015	2,390,076	50.50%	7,926,361

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

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

FUNDED STATUS AND FUNDING PROGRESS

As of April 30, 2017, the actuarial accrued liability for benefits was \$34,093,207. The covered payroll was approximately \$7,777,816, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 438.3%. 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 dollar (30 years) - Closed amortization period
Interest Rate	4.50%
Salary Progression	3.50%
Claim Costs:	
Single Coverage	\$575
Family Coverage	\$1,539
Employee Contributions:	
Hired prior to May 1, 2007	
Pension amount less than \$1,625/month	20% of cost
Pension amount more than \$1,625/month	35% of cost
Hired after April 30, 2007	100% of cost
Mortality Rate	RP2000 Blue Collar table projected to 2016 for Police RP2000 table projected to 2016 for all others
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

CITY OF MATTOON, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 For the Year Ended April 30, 2017

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

ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Actuarial Methods	Post-Employment Health Care Benefits	
	50% of employees hired after April 30, 2007, that are currently enrolled	
Spouse Information	50% employees assumed to have participating spouses Females assumed to be 3 years younger than male	
Health Care Cost Inflation Rates	Period	Rate
	2016	8%
	2017	7.5%
	2018	7%
	2019 and after	4.5% - 6.5%

**24 SELF-INSURANCE**

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

The municipality requires active employee and retiree contributions to the health plan. Note 23 provides the funding information for retirees. For the fiscal year ended April 30, 2017, the contribution for active employees was \$115 per month for those with no dependents or \$308 per month for those with dependents, approximately 20% of total monthly 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, 2017

**24 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 268 employees, former employees, and retirees participating in the group health plan. Of this number, 129 were active employees, and 139 were retirees. 79 of the participants had single coverage, and 189 had family coverage.

The health plan is funded on a pay-as-you-go basis. The City incurred health plan claims expenditures of \$3,137,046 in the fiscal year that ended April 30, 2017, which includes \$164,023 of claims incurred, but not paid. An actuarial estimate of claims incurred, but not reported, was not determined.

The City also has Medicare supplemental insurance offered to current Medicare-eligible participants through Aetna. The City pays the monthly premiums with participants' contributions the same as the City's plan. There are no deductibles, out-of-pocket, or stop loss expenses. There is no network. At April 30, 2017, the City had 73 retirees and 37 dependents on the policy, each having individual policies.

**25 INSURANCE**

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

<u>Exposure</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Expiration</u>
Workers Compensation	IPRF <sup>1</sup>	\$3 million each accident \$3 million each employee \$3 million policy limit	1/1/2018
Property & Casualty	Federal <sup>2</sup>	Replacement Cost \$74,875,047 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	12/1/2017
General Liability <sup>3</sup>	Lloyd's London	\$1 million each occurrence \$3 million aggregate	12/1/2017
Flood	American <sup>4</sup>	\$500,000 Blower Building Structure \$416,700 Blower Building Contents \$176,400 Pump Station Building \$256,300 Pump Station Contents \$25,000 deductible	12/1/2017

CITY OF MATTOON, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Year Ended April 30, 2017

**25 INSURANCE (Continued)**

Volunteers	Federal <sup>2</sup>	\$100,000 each occurrence	12/1/2017
Fiduciary Liability	Federal <sup>2</sup>	\$1 million aggregate	12/1/2017
Public Officials Liability	Lloyd's London	\$1 million each occurrence \$3 million aggregate \$5,000 deductible	12/1/2017
Employment Practices Liability	Lloyd's London	\$1 million each occurrence \$3 million aggregate \$10,000 per claim - back wages \$5,000 deductible for each wrongful act \$5,000 deductible for back wages	12/1/2017
Automobile Physical Damage	Lloyd's London	Actual cash value \$1,000 deductible	12/1/2017
Automobile Liability	Lloyd's London	\$1 million	12/1/2017
Law Enforcement Liability	Lloyd's London	\$1 million each occurrence \$3 million aggregate \$5,000 deductible	12/1/2017
Crime	Hanover <sup>5</sup>	Limit - \$500,000	12/1/2017
Inland Marine	Federal <sup>2</sup>	\$2,869,782 \$2,500 deductible	12/1/2017
Umbrella Liability <sup>6</sup>	Lloyd's London	\$10 million each occurrence \$10 million aggregate	12/1/2017

<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, 2017

**26 CONTINGENCIES**

At April 30, 2017, the City was a defendant in a pending lawsuit. The City's legal counsel is unable to express an opinion as to the likelihood of an unfavorable outcome on the lawsuit. However, the City believes it has numerous meritorious defenses and is vigorously defending this litigation.

**27 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, 2017, the balance due to the General Fund from the Library for this transaction was \$49,718.

**28 FUTURE FINANCIAL STATEMENT PRESENTATION CHANGES**

The Governmental Accounting Standards Board has issued Statement No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement will be implemented for the fiscal year ending April 30, 2018. The requirements establish revised reporting requirements for the Police and Firefighters' Pension Funds and adjusts some actuarial determinations. The impact on the pension liability is not determined.

The Governmental Accounting Standards Board has issued Statement No 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - replacing GASB No. 43 and 57* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - replacing GASB No. 45 and 57*. These statements will be implemented for the fiscal year ending April 30, 2019. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment 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 postemployment benefit plan.

**29 SUBSEQUENT EVENTS**

Subsequent events were evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. On May 2, 2017, the City passed Ordinance No. 2017-5397 authorizing general obligation refunding bonds (alternate revenue source) series 2017A for \$4,255,000 which refunds Series 2009A Bonds and Ordinance No. 2017-5398 authorizing taxable general obligation refunding bonds (alternate revenue source) series 2017B for \$2,980,000 which refunds Series 2009B Bonds. Management believes no such other events require additional disclosure.

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

CITY OF MATTOON, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE EMPLOYER NET PENSION LIABILITY AND RELATED RATIOS

December 31, 2016

Total Pension Liability:	<u>2017</u>	<u>2016</u>
Service Cost	\$ 430,604	\$ 415,804
Interest on the Total Pension Liability	2,545,607	2,459,375
Differences Between Expected and Actual Experience of the Total Pension Liability	(201,004)	163,267
Changes of Assumptions	(82,309)	82,262
Benefit Payments, including Refunds of Employee Contributions	<u>(1,886,904)</u>	<u>(1,888,639)</u>
Net Change in Total Pension Liability	805,994	1,232,069
Total Pension Liability - Beginning	<u>34,760,152</u>	<u>33,528,083</u>
Total Pension Liability - Ending (A)	<u>35,566,146</u>	<u>34,760,152</u>
Plan Fiduciary Net Position:		
Contributions - Employer	428,047	463,997
Contributions - Employees	166,483	176,649
Net Investment Income	2,195,532	162,020
Benefit Payments, including Refunds of Employee Contributions	(1,886,904)	(1,888,639)
Other (Net Transfer)	<u>256,857</u>	<u>(116,329)</u>
Net Change in Plan Fiduciary Net Position	1,160,015	(1,202,302)
Plan Fiduciary Net Position - Beginning	<u>31,825,721</u>	<u>33,028,023</u>
Plan Fiduciary Net Position - Ending (B)	<u>32,985,736</u>	<u>31,825,721</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ 2,580,410</u>	<u>\$ 2,934,431</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.74%	91.56%
Covered Valuation Payroll	3,699,627	3,925,524
Net Pension Liability as a Percentage of Covered Valuation Payroll	69.75%	74.75%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

April 30, 2017

Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2016	\$ 428,047	\$ 428,047	\$ -	\$ 3,699,627	11.57%
2015	463,997	463,997	-	3,925,524	11.82%

Notes to Required Supplementary Information:

Actuarial Valuation Date	December 31, 2016
Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amort. Period	Non-Taxing bodies: 10-year rolling period Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (2 employers were financed over 31 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for the non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustment to match current IMRF experience.

There were no benefit changes during the year. 2016 contribution rates were based on valuation assumptions used in the December 31, 2014 actuarial valuation.

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

April 30, 2017

	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 952,466	\$ 819,041	\$ 570,535
Interest	2,696,963	1,966,213	2,473,846
Actuarial experience	154,740	726,953	-
Assumption changes	(1,474,935)	11,558,737	-
Benefit Payments and Refunds	<u>(2,055,641)</u>	<u>(1,984,166)</u>	<u>(1,925,291)</u>
Net Change in Total Pension Liability	273,593	13,086,778	1,119,090
Total Pension Liability - Beginning	<u>51,818,078</u>	<u>38,731,300</u>	<u>37,612,210</u>
Total Pension Liability - Ending (A)	<u><u>\$ 52,091,671</u></u>	<u><u>\$ 51,818,078</u></u>	<u><u>\$ 38,731,300</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,437,453	\$ 1,403,051	\$ 1,422,547
Contributions - Member	249,841	253,098	227,982
Net Investment Income	1,656,958	(715,510)	956,536
Benefit Payments and Refunds	(2,055,641)	(1,984,166)	(1,925,291)
Administrative Expense	<u>(53,591)</u>	<u>(51,834)</u>	<u>(56,136)</u>
Net Change in Plan Fiduciary Net Position	1,235,020	(1,095,361)	625,638
Plan Fiduciary Net Position - Beginning	<u>16,050,499</u>	<u>17,145,860</u>	<u>16,520,222</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 17,285,519</u></u>	<u><u>\$ 16,050,499</u></u>	<u><u>\$ 17,145,860</u></u>
Employer Net Pension Liability - Ending (A) - (B)	<u><u>\$ 34,806,152</u></u>	<u><u>\$ 35,767,579</u></u>	<u><u>\$ 21,585,440</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.18%	30.97%	44.27%
Covered-Employee Payroll	\$ 2,526,791	\$ 2,481,680	\$ 2,339,454
Employer Net Pension Liability as a Percentage of Covered-Employee Payroll	1377.48%	1441.26%	922.67%
Annual money-weighted rate of return, net of investment expense	10.99%	-4.66%	6.53%

Note: This schedule is intended to show information for ten years. Additional year's information will be displayed as it becomes available.

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

April 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 712,881	\$ 672,938	\$ 714,453
Interest	2,806,228	2,455,405	2,375,442
Differences between expected and actual experience	634,737	741,876	-
Changes in assumptions	(1,442,384)	3,111,763	-
Benefit Payments and Refunds	<u>(2,377,256)</u>	<u>(2,225,941)</u>	<u>(2,158,444)</u>
Net Change in Total Pension Liability	334,206	4,756,041	931,451
Total Pension Liability - Beginning	<u>50,594,052</u>	<u>45,838,011</u>	<u>44,906,560</u>
Total Pension Liability - Ending (A)	<u><u>\$ 50,928,258</u></u>	<u><u>\$ 50,594,052</u></u>	<u><u>\$ 45,838,011</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,533,379	\$ 1,367,692	\$ 1,356,510
Contributions - Member	204,327	202,743	202,721
Net Investment Income	1,544,569	(735,261)	623,230
Benefit Payments and Refunds	(2,377,256)	(2,225,941)	(2,158,444)
Administrative Expense	<u>(18,475)</u>	<u>(28,896)</u>	<u>(16,823)</u>
Net Change in Plan Fiduciary Net Position	886,544	(1,419,663)	7,194
Plan Fiduciary Net Position - Beginning	<u>14,623,613</u>	<u>16,043,276</u>	<u>16,036,082</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 15,510,157</u></u>	<u><u>\$ 14,623,613</u></u>	<u><u>\$ 16,043,276</u></u>
Employer Net Pension Liability - Ending (A) - (B)	<u><u>\$ 35,418,101</u></u>	<u><u>\$ 35,970,439</u></u>	<u><u>\$ 29,794,735</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.45%	28.90%	35.00%
Covered-Employee Payroll	\$ 2,149,131	\$ 2,119,559	\$ 2,053,279
Employer Net Pension Liability as a Percentage of Covered-Employee Payroll	1648.02%	1697.07%	1451.08%
Annual money-weighted rate of return, net of investment expense	11.68%	-5.13%	4.62%

Note: This schedule is intended to show information for ten years. Additional year's information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS

SCHEDULES OF EMPLOYER CONTRIBUTIONS

April 30, 2017

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,619,160	\$ 1,641,766	\$ 1,841,839
Contributions in Relation to the Actuarially Determined Contribution	<u>1,437,453</u>	<u>1,403,051</u>	<u>1,422,547</u>
Contribution Deficiency (Excess)	<u>\$ 181,707</u>	<u>\$ 238,715</u>	<u>\$ 419,292</u>
Covered-Employee Payroll	\$ 2,526,791	\$ 2,481,680	\$ 2,339,454
Contributions as a Percentage of Covered-Employee Payroll	56.89%	56.54%	60.81%

NOTE: The 2015, 2016, 2017 actuarially determined contribution (ADC) shown is from the May 1, 2013, 2014, 2015 actuary's report completed by Lauterbach and Amen, LLP for the tax levy recommendation for the December, 2013, 2014, 2015 tax levy, respectively.

SCHEDULE OF EMPLOYER CONTRIBUTIONS - FIREFIGHTERS' PENSION

Actuarially Determined Contribution	\$ 1,920,452	\$ 1,781,786	\$ 1,488,746
Contributions in Relation to the Actuarially Determined Contribution	<u>1,533,379</u>	<u>1,367,692</u>	<u>1,356,510</u>
Contribution Deficiency (Excess)	<u>\$ 387,073</u>	<u>\$ 414,094</u>	<u>\$ 132,236</u>
Covered-Employee Payroll	\$ 2,149,131	\$ 2,119,559	\$ 2,053,279
Contributions as a Percentage of Covered-Employee Payroll	71.35%	64.53%	66.07%

NOTE: The 2015 actuarially determined contribution (ADC) 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. The 2016 and 2017 ADC is from May 1, 2014 and 2015 actuary's report completed by Lauterbach and Amen, LLP for the tax levy recommendation for the December, 2014 and 2015 tax levy, respectively.

Notes to Required Supplementary Information:

	<u>Police</u>	<u>Firefighter</u>
Actuarial Valuation Date	May 1, 2015	May 1, 2015
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	90% Funded in year 2040	90% Funded in year 2040
Investment Rate of Return, Net of Investment Plan Expenses, Including Inflation	6.75%	6.75%
Inflation Rate	3.00%	3.00%
Salary Increases	4.0% - 6.5%	4.0% - 6.5%
Asset Valuation Method	5 Year Smoothed Market Value	5 Year Smoothed Market Value
Mortality Rate Assumption	L&A 2015 IL Police Study	L&A 2012 IL Firefighter Study

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS

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

April 30, 2017

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 )
04/30/17	\$ -	\$ 34,093,207	\$34,093,207	0.00%	\$ 7,777,816	438.34%
04/30/16	-	33,305,091	33,305,091	0.00%	7,514,798	443.19%
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%

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 6,822,901	\$ 6,822,901	\$ 6,887,286	\$ 64,385
Licenses and permits	201,200	201,200	227,248	26,048
Intergovernmental revenues	9,458,791	9,458,791	9,241,086	(217,705)
Charges for services	1,460,750	1,460,750	1,323,313	(137,437)
Fines and forfeitures	142,500	142,500	162,226	19,726
Investment income	1,400	1,400	20,884	19,484
Contributions & miscellaneous revenues	271,000	271,000	256,179	(14,821)
<b>Total revenues</b>	<b>18,358,542</b>	<b>18,358,542</b>	<b>18,118,222</b>	<b>(240,320)</b>
<b>Expenditures:</b>				
<b>Current</b>				
General government	2,700,374	2,700,374	2,114,010	586,364
Public safety	10,883,080	10,883,080	10,953,585	(70,505)
Public works	1,657,916	1,657,916	1,722,624	(64,708)
Health and welfare	204,963	204,963	176,729	28,234
Culture and recreation	1,447,901	1,447,901	1,405,941	41,960
Economic development	50,000	50,000	50,000	-
Capital outlay	237,652	237,652	120,230	117,422
<b>Debt service</b>				
Principal	387,567	387,567	328,087	59,480
Interest and fiscal charges	21,739	21,739	40,510	(18,771)
<b>Total expenditures</b>	<b>17,591,192</b>	<b>17,591,192</b>	<b>16,911,716</b>	<b>679,476</b>
Excess of revenues over expenditures	767,350	767,350	1,206,506	439,156
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	(750,000)	(750,000)	(731,530)	18,470
Proceeds from sale of assets	-	-	7,591	7,591
<b>Total other financing sources (uses)</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>(723,939)</b>	<b>26,061</b>
<b>Net change in fund balance</b>	<b>\$ 17,350</b>	<b>\$ 17,350</b>	<b>482,567</b>	<b>\$ 465,217</b>
Fund balance -beginning			6,051,069	
Fund balance - ending			<u>\$ 6,533,636</u>	

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended April 30, 2017

**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 reconciling schedule on page 91 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:

South Route 45 TIF District Fund	\$ 383
Broadway East TIF District Fund	2,600

CITY OF MATTOON, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended April 30, 2017

**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, 2017

	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		
<b>Revenues:</b>												
Taxes	\$ 6,822,901	\$ 6,822,901	\$ 6,887,286	\$ 64,385	\$ -	\$ -	\$ -	\$ -	\$ 6,822,901	\$ 6,822,901	\$ 6,887,286	\$ 64,385
Licenses and permits	201,200	201,200	227,248	26,048	-	-	-	-	201,200	201,200	227,248	26,048
Intergovernmental revenues	9,458,791	9,458,791	9,241,086	(217,705)	-	-	-	-	9,458,791	9,458,791	9,241,086	(217,705)
Charges for services	1,460,750	1,460,750	1,323,313	(137,437)	-	-	-	-	1,460,750	1,460,750	1,323,313	(137,437)
Fines and forfeitures	142,500	142,500	162,226	19,726	-	-	-	-	142,500	142,500	162,226	19,726
Investment income	1,400	1,400	20,884	19,484	-	-	-	-	1,400	1,400	20,884	19,484
Contributions & miscellaneous revenues	143,000	143,000	124,064	(18,936)	128,000	128,000	132,115	4,115	271,000	271,000	256,179	(14,821)
<b>Total revenues</b>	<b>18,230,542</b>	<b>18,230,542</b>	<b>17,986,107</b>	<b>(244,435)</b>	<b>128,000</b>	<b>128,000</b>	<b>132,115</b>	<b>4,115</b>	<b>18,358,542</b>	<b>18,358,542</b>	<b>18,118,222</b>	<b>(240,320)</b>
<b>Expenditures:</b>												
<b>Current</b>												
General government	2,700,374	2,700,374	2,114,010	586,364	-	-	-	-	2,700,374	2,700,374	2,114,010	586,364
Public safety	10,883,080	10,883,080	10,953,585	(70,505)	-	-	-	-	10,883,080	10,883,080	10,953,585	(70,505)
Public works	1,657,916	1,657,916	1,722,624	(64,708)	-	-	-	-	1,657,916	1,657,916	1,722,624	(64,708)
Health and welfare	204,963	204,963	176,729	28,234	-	-	-	-	204,963	204,963	176,729	28,234
Culture and recreation	1,295,051	1,295,051	1,246,055	48,996	152,850	152,850	159,886	(7,036)	1,447,901	1,447,901	1,405,941	41,960
Economic development	50,000	50,000	50,000	-	-	-	-	-	50,000	50,000	50,000	-
Capital outlay	237,652	237,652	120,230	117,422	-	-	-	-	237,652	237,652	120,230	117,422
<b>Debt service</b>												
Principal	387,567	387,567	328,087	59,480	-	-	-	-	387,567	387,567	328,087	59,480
Interest and fiscal charges	21,739	21,739	40,510	(18,771)	-	-	-	-	21,739	21,739	40,510	(18,771)
<b>Total expenditures</b>	<b>17,438,342</b>	<b>17,438,342</b>	<b>16,751,830</b>	<b>686,512</b>	<b>152,850</b>	<b>152,850</b>	<b>159,886</b>	<b>(7,036)</b>	<b>17,591,192</b>	<b>17,591,192</b>	<b>16,911,716</b>	<b>679,476</b>
<b>Excess of revenues over expenditures</b>	<b>792,200</b>	<b>792,200</b>	<b>1,234,277</b>	<b>442,077</b>	<b>(24,850)</b>	<b>(24,850)</b>	<b>(27,771)</b>	<b>(2,921)</b>	<b>767,350</b>	<b>767,350</b>	<b>1,206,506</b>	<b>439,156</b>
<b>Other financing sources (uses):</b>												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(750,000)	(750,000)	(731,530)	18,470	-	-	-	-	(750,000)	(750,000)	(731,530)	18,470
Proceeds from sale of assets	-	-	7,591	7,591	-	-	-	-	-	-	7,591	7,591
<b>Total other financing sources (uses):</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>(723,939)</b>	<b>26,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>(723,939)</b>	<b>26,061</b>
<b>Net change in fund balance</b>	<b>\$ 42,200</b>	<b>\$ 42,200</b>	<b>510,338</b>	<b>\$ 468,138</b>	<b>\$ (24,850)</b>	<b>\$ (24,850)</b>	<b>(27,771)</b>	<b>\$ (2,921)</b>	<b>\$ 17,350</b>	<b>\$ 17,350</b>	<b>482,567</b>	<b>\$ 465,217</b>
<b>Fund balance -beginning</b>			<b>5,951,499</b>				<b>99,570</b>				<b>6,051,069</b>	
<b>Fund balance - ending</b>			<b>\$ 6,461,837</b>				<b>\$ 71,799</b>				<b>\$ 6,533,636</b>	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 215,531	\$ 215,531
Investment income	4,000	4,000	4,080	80
Contributions & miscellaneous revenues	17,500	17,500	20,297	2,797
<b>Total revenues</b>	<b>21,500</b>	<b>21,500</b>	<b>239,908</b>	<b>218,408</b>
<b>Expenditures:</b>				
Current				
General government	4,000	4,000	1,449	2,551
Public safety	-	-	-	-
Public works	-	-	24,666	(24,666)
Culture and recreation	-	-	7,096	(7,096)
Capital outlay	3,336,500	3,336,500	1,101,446	2,235,054
Debt service				
Principal	270,000	270,000	270,000	-
Interest and fiscal charges	185,820	185,820	149,114	36,706
<b>Total expenditures</b>	<b>3,796,320</b>	<b>3,796,320</b>	<b>1,553,771</b>	<b>2,242,549</b>
(Deficiency) of revenues under expenditures	(3,774,820)	(3,774,820)	(1,313,863)	2,460,957
<b>Other financing sources:</b>				
Transfers in	750,000	750,000	731,530	(18,470)
<b>Net change in fund balance</b>	<b>\$ (3,024,820)</b>	<b>\$ (3,024,820)</b>	<b>(582,333)</b>	<b>\$ 2,442,487</b>
Fund balance -beginning			3,202,590	
Fund balance - ending			\$ 2,620,257	

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

April 30, 2017

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Home Rehabilitation Grant Fund
Assets:			
Cash and cash equivalents	\$ 1,148,303	\$ 162,947	\$ 37
Receivables	90,134	65,406	-
Due from other funds	-	109	-
Prepaid items	-	-	-
Long-term receivables	-	-	-
	<u>\$ 1,238,437</u>	<u>\$ 228,462</u>	<u>\$ 37</u>
 Total assets	<u>\$ 1,238,437</u>	<u>\$ 228,462</u>	<u>\$ 37</u>
Liabilities:			
Accounts payable	\$ 210,544	\$ 4,627	\$ -
Payroll liabilities payable	-	3,583	-
Due to other funds	11,896	481	-
	<u>222,440</u>	<u>8,691</u>	<u>-</u>
 Total liabilities	<u>222,440</u>	<u>8,691</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	-	29,167	-
	<u>-</u>	<u>29,167</u>	<u>-</u>
Fund Balance:			
Nonspendable	-	-	-
Restricted	1,015,997	190,604	37
	<u>1,015,997</u>	<u>190,604</u>	<u>37</u>
 Total fund balance	<u>1,015,997</u>	<u>190,604</u>	<u>37</u>
 Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,238,437</u>	<u>\$ 228,462</u>	<u>\$ 37</u>

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2017

	Revolving Loan Fund	Midtown TIF District Fund	I-57 East TIF District Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 911,872	\$ 395,862	\$ 185,526
Receivables	43,322	746,156	34,685
Due from other funds	-	-	-
Prepaid items	-	-	-
Long-term receivables	139,390	-	-
<b>Total assets</b>	<b>\$ 1,094,584</b>	<b>\$ 1,142,018</b>	<b>\$ 220,211</b>
<b>Liabilities:</b>			
Accounts payable	\$ 552	\$ 5,273	\$ -
Payroll liabilities payable	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>552</b>	<b>5,273</b>	<b>-</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	746,156	34,685
<b>Fund Balance:</b>			
Nonspendable	139,390	-	-
Restricted	954,642	390,589	185,526
<b>Total fund balance</b>	<b>1,094,032</b>	<b>390,589</b>	<b>185,526</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 1,094,584</b>	<b>\$ 1,142,018</b>	<b>\$ 220,211</b>

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2017

	South Rt 45 TIF District Fund	South Rt 45 Business District Fund	Broadway East TIF District Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,733	\$ 23,960	\$ 162,720
Receivables	58,037	11,460	45,410
Due from other funds	-	-	-
Prepaid items	-	-	-
Long-term receivables	-	-	-
<b>Total assets</b>	<b>\$ 62,770</b>	<b>\$ 35,420</b>	<b>\$ 208,130</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	58,037	7,621	45,410
<b>Fund Balance:</b>			
Nonspendable	-	-	-
Restricted	4,733	27,799	162,720
<b>Total fund balance</b>	<b>4,733</b>	<b>27,799</b>	<b>162,720</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 62,770</b>	<b>\$ 35,420</b>	<b>\$ 208,130</b>

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2017

	Broadway East Business District Fund	I-57 East Business District Fund	Eliminations	Totals
<b>Assets:</b>				
Cash and cash equivalents	\$ 232,310	\$ 14,958	\$ -	\$ 3,243,228
Receivables	64,785	789	-	1,160,184
Due from other funds	-	-	-	109
Prepaid items	-	-	-	-
Long-term receivables	-	-	-	139,390
<b>Total assets</b>	<b>\$ 297,095</b>	<b>\$ 15,747</b>	<b>\$ -</b>	<b>\$ 4,542,911</b>
<b>Liabilities:</b>				
Accounts payable	\$ 5,390	\$ -	\$ -	\$ 226,386
Payroll liabilities payable	-	-	-	3,583
Due to other funds	-	-	-	12,377
<b>Total liabilities</b>	<b>5,390</b>	<b>-</b>	<b>-</b>	<b>242,346</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	20,737	201	-	942,014
<b>Fund Balance:</b>				
Nonspendable	-	-	-	139,390
Restricted	270,968	15,546	-	3,219,161
<b>Total fund balance</b>	<b>270,968</b>	<b>15,546</b>	<b>-</b>	<b>3,358,551</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 297,095</b>	<b>\$ 15,747</b>	<b>\$ -</b>	<b>\$ 4,542,911</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, 2017

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Home Rehabilitation Grant Fund
Revenues:			
Taxes	\$ -	\$ 327,769	\$ -
Intergovernmental revenues	964,453	-	-
Investment income	5,298	-	-
Contributions and miscellaneous revenues	-	1,490	-
Total revenues	<u>969,751</u>	<u>329,259</u>	<u>-</u>
Expenditures:			
Current			
Public works	395,234	-	-
Culture and recreation	-	275,257	-
Economic development	-	-	-
Capital outlay	810,592	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,205,826</u>	<u>275,257</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(236,075)</u>	<u>54,002</u>	<u>-</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	(236,075)	54,002	-
Fund balance - beginning	<u>1,252,072</u>	<u>136,602</u>	<u>37</u>
Fund balance - ending	<u>\$ 1,015,997</u>	<u>\$ 190,604</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, 2017

	Revolving Loan Fund	Midtown TIF District Fund	I-57 East TIF District Fund
Revenues:			
Taxes	\$ -	\$ 356,343	\$ 37,659
Intergovernmental revenues	-	-	-
Investment income	5,755	364	5
Contributions and miscellaneous revenues	-	528,317	-
Total revenues	<u>5,755</u>	<u>885,024</u>	<u>37,664</u>
Expenditures:			
Current			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	3,793	327,990	7,532
Capital outlay	-	614,603	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>3,793</u>	<u>942,593</u>	<u>7,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,962</u>	<u>(57,569)</u>	<u>30,132</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	1,962	(57,569)	30,132
Fund balance - beginning	<u>1,092,070</u>	<u>448,158</u>	<u>155,394</u>
Fund balance - ending	<u>\$ 1,094,032</u>	<u>\$ 390,589</u>	<u>\$ 185,526</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, 2017

	South Rt 45 TIF District Fund	South Rt 45 Business District Fund	Broadway East TIF District Fund
Revenues:			
Taxes	\$ 30,694	\$ 24,915	\$ 49,167
Intergovernmental revenues	-	-	-
Investment income	4	24	7
Contributions and miscellaneous revenues	-	-	-
Total revenues	<u>30,698</u>	<u>24,939</u>	<u>49,174</u>
Expenditures:			
Current			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	12,193	-	14,464
Capital outlay	-	-	-
Debt service			
Principal	27,148	-	-
Interest and fiscal charges	33,438	-	-
Total expenditures	<u>72,779</u>	<u>-</u>	<u>14,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,081)</u>	<u>24,939</u>	<u>34,710</u>
Other financing sources (uses):			
Transfer in	44,000	-	-
Transfer out	-	(44,000)	-
Total other financing sources (uses)	<u>44,000</u>	<u>(44,000)</u>	<u>-</u>
Net change in fund balances	1,919	(19,061)	34,710
Fund balance - beginning	<u>2,814</u>	<u>46,860</u>	<u>128,010</u>
Fund balance - ending	<u>\$ 4,733</u>	<u>\$ 27,799</u>	<u>\$ 162,720</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, 2017

	Broadway East Business District Fund	I-57 East Business District Fund	Eliminations	Totals
Revenues:				
Taxes	\$ 280,366	\$ 3,527	\$ -	\$ 1,110,440
Intergovernmental revenues	-	-	-	964,453
Investment income	529	-	-	11,986
Contributions and miscellaneous revenues	-	-	-	529,807
Total revenues	<u>280,895</u>	<u>3,527</u>	<u>-</u>	<u>2,616,686</u>
Expenditures:				
Current				
Public works	-	-	-	395,234
Culture and recreation	-	-	-	275,257
Economic development	34,371	-	-	400,343
Capital outlay	-	-	-	1,425,195
Debt service				
Principal	170,000	-	-	197,148
Interest and fiscal charges	169,915	-	-	203,353
Total expenditures	<u>374,286</u>	<u>-</u>	<u>-</u>	<u>2,896,530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(93,391)</u>	<u>3,527</u>	<u>-</u>	<u>(279,844)</u>
Other financing sources (uses):				
Transfer in	-	-	(44,000)	-
Transfer out	-	-	44,000	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(93,391)</u>	<u>3,527</u>	<u>-</u>	<u>(279,844)</u>
Fund balance - beginning	<u>364,359</u>	<u>12,019</u>	<u>-</u>	<u>3,638,395</u>
Fund balance - ending	<u>\$ 270,968</u>	<u>\$ 15,546</u>	<u>\$ -</u>	<u>\$ 3,358,551</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 936,000	\$ 936,000	\$ 964,453	\$ 28,453
Investment income	300	300	5,298	4,998
Total revenues	<u>936,300</u>	<u>936,300</u>	<u>969,751</u>	<u>33,451</u>
Expenditures:				
Current				
Public works	549,600	549,600	395,234	154,366
Capital outlay	828,000	828,000	810,592	17,408
Total expenditures	<u>1,377,600</u>	<u>1,377,600</u>	<u>1,205,826</u>	<u>171,774</u>
Excess (deficiency) of revenues over expenditures	<u>(441,300)</u>	<u>(441,300)</u>	<u>(236,075)</u>	<u>205,225</u>
Other financing sources:				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (441,300)</u>	<u>\$ (441,300)</u>	<u>(236,075)</u>	<u>\$ 205,225</u>
Fund balance - beginning			<u>1,252,072</u>	
Fund balance - ending			<u>\$ 1,015,997</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 335,000	\$ 335,000	\$ 327,769	\$ (7,231)
Contributions and miscellaneous revenues	-	-	1,490	1,490
Total revenues	<u>335,000</u>	<u>335,000</u>	<u>329,259</u>	<u>(5,741)</u>
Expenditures:				
Current				
Culture and recreation	286,133	286,133	275,257	10,876
Capital outlay	-	-	-	-
Total expenditures	<u>286,133</u>	<u>286,133</u>	<u>275,257</u>	<u>10,876</u>
Net change in fund balance	<u>\$ 48,867</u>	<u>\$ 48,867</u>	54,002	<u>\$ 5,135</u>
Fund balance - beginning			<u>136,602</u>	
Fund balance - ending			<u>\$ 190,604</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current				
Economic development	-	-	-	-
Net change in fund balance	<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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,200	\$ 2,200	\$ 5,755	\$ 3,555
Contributions and miscellaneous revenue	28,861	28,861	-	(28,861)
Total revenues	31,061	31,061	5,755	(25,306)
Expenditures:				
Current				
Economic development	31,061	31,061	3,793	27,268
Net change in fund balance	\$ -	\$ -	1,962	\$ 1,962
Fund balance - beginning			1,092,070	
Fund balance - ending			\$ 1,094,032	

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 300,000	\$ 300,000	\$ 356,343	\$ 56,343
Investment income	300	300	364	64
Contributions and miscellaneous revenue	600,000	600,000	528,317	(71,683)
Total revenues	<u>900,300</u>	<u>900,300</u>	<u>885,024</u>	<u>(15,276)</u>
Expenditures:				
Current				
Economic development	700,000	700,000	327,990	372,010
Capital outlay	448,646	448,646	614,603	(165,957)
Total expenditures	<u>1,148,646</u>	<u>1,148,646</u>	<u>942,593</u>	<u>206,053</u>
Net change in fund balance	<u>\$ (248,346)</u>	<u>\$ (248,346)</u>	(57,569)	<u>\$ 190,777</u>
Fund balance - beginning			<u>448,158</u>	
Fund balance - ending			<u>\$ 390,589</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 36,636	\$ 36,636	\$ 37,659	\$ 1,023
Investment income	3	3	5	2
Total revenue	36,639	36,639	37,664	1,025
Expenditures:				
Current				
Economic development	7,827	7,827	7,532	295
Net change in fund balance	\$ 28,812	\$ 28,812	30,132	\$ 1,320
Fund balance - beginning			155,394	
Fund balance - ending			\$ 185,526	

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 28,623	\$ 28,623	\$ 30,694	\$ 2,071
Investment income	2	2	4	2
Total revenues	<u>28,625</u>	<u>28,625</u>	<u>30,698</u>	<u>2,073</u>
Expenditures:				
Current				
Economic development	11,779	11,779	12,193	(414)
Debt service				
Principal	27,070	27,070	27,148	(78)
Interest and fiscal charges	<u>33,547</u>	<u>33,547</u>	<u>33,438</u>	<u>109</u>
Total expenditures	<u>72,396</u>	<u>72,396</u>	<u>72,779</u>	<u>(383)</u>
(Deficiency) of revenues under expenditures	<u>(43,771)</u>	<u>(43,771)</u>	<u>(42,081)</u>	<u>1,690</u>
Other financing sources:				
Transfers in	<u>44,000</u>	<u>44,000</u>	<u>44,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 229</u>	<u>\$ 229</u>	1,919	<u>\$ 1,690</u>
Fund balance - beginning			<u>2,814</u>	
Fund balance - ending			<u>\$ 4,733</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 37,800	\$ 37,800	\$ 24,915	\$ (12,885)
Investment income	25	25	24	(1)
Total revenues	37,825	37,825	24,939	(12,886)
Other financing (uses):				
Transfers out	(44,000)	(44,000)	(44,000)	-
Net change in fund balance	\$ (6,175)	\$ (6,175)	(19,061)	\$ (12,886)
Fund balance - beginning			46,860	
Fund balance - ending			\$ 27,799	

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 36,787	\$ 36,787	\$ 49,167	\$ 12,380
Investment income	3	3	7	4
Total revenue	36,790	36,790	49,174	12,384
Expenditures:				
Current				
Economic development	11,864	11,864	14,464	(2,600)
Net change in fund balance	\$ 24,926	\$ 24,926	34,710	\$ 9,784
Fund balance - beginning			128,010	
Fund balance - ending			\$ 162,720	

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 268,700	\$ 268,700	\$ 280,366	\$ 11,666
Investment income	500	500	529	29
Total revenues	<u>269,200</u>	<u>269,200</u>	<u>280,895</u>	<u>11,695</u>
Expenditures:				
Current				
Economic development	36,768	36,768	34,371	2,397
Debt service				
Principal	170,000	170,000	170,000	-
Interest and fiscal charges	<u>169,113</u>	<u>169,113</u>	<u>169,915</u>	<u>(802)</u>
Total expenditures	<u>375,881</u>	<u>375,881</u>	<u>374,286</u>	<u>1,595</u>
Net change in fund balance	<u>\$ (106,681)</u>	<u>\$ (106,681)</u>	(93,391)	<u>\$ 13,290</u>
Fund balance - beginning			<u>364,359</u>	
Fund balance - ending			<u>\$ 270,968</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	<u>\$ 2,300</u>	<u>\$ 2,300</u>	\$ 3,527	<u>\$ 1,227</u>
Fund balance - beginning			<u>12,019</u>	
Fund balance - ending			<u>\$ 15,546</u>	

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

April 30, 2017

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 54,604	\$ 387,180	\$ 441,784
Accounts receivable	5,247	7,546	12,793
Due from other funds	103,268	-	103,268
Due from component units	1,770	-	1,770
Prepaid items	-	138,406	138,406
Restricted assets:			
Cash and cash equivalents	5,891	-	5,891
Total current assets	170,780	533,132	703,912
Liabilities:			
Current liabilities:			
Accounts payable	164,367	3,625	167,992
Due to other funds	-	84,430	84,430
Due to component units	-	1,183	1,183
Payable from restricted assets			
Other payables	6,413	-	6,413
Total current liabilities	170,780	89,238	260,018
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, 2017

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
Operating revenues:			
Fund charges and employee contributions	\$ 4,074,300	\$ 692,098	\$ 4,766,398
Miscellaneous operating revenue	456	256,473	256,929
Total operating revenue	<u>4,074,756</u>	<u>948,571</u>	<u>5,023,327</u>
Operating expenses:			
Administrative and general	557,768	30,212	587,980
Insurance	379,947	918,359	1,298,306
Health claims and uninsured judgments	3,137,046	-	3,137,046
Total operating expenses	<u>4,074,761</u>	<u>948,571</u>	<u>5,023,332</u>
Operating loss	(5)	-	(5)
Non-operating revenues:			
Investment income	5	-	5
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, 2017

	Health Insurance Fund	Insurance and Tort Judgment Fund	Totals
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 3,114,155	\$ 751,608	\$ 3,865,763
Receipts from component units	55,699	10,935	66,634
Receipts from employees and retirees	976,511	-	976,511
Payments to suppliers	(937,715)	(973,264)	(1,910,979)
Payments to claimants	(3,139,825)	-	(3,139,825)
Other receipts	456	321,173	321,629
	<u>69,281</u>	<u>110,452</u>	<u>179,733</u>
Net cash provided by operating activities			
Cash flows from investing activities:			
Investment income	5	-	5
	<u>5</u>	<u>-</u>	<u>5</u>
Net cash provided by investing activities			
Cash flows from financing activities:			
Decrease in bank overdraft	(13,047)	-	(13,047)
	<u>(13,047)</u>	<u>-</u>	<u>(13,047)</u>
Net cash used by financing activities			
Net increase in cash	56,239	110,452	166,691
Cash, restricted and unrestricted - beginning	4,256	276,728	280,984
Cash, restricted and unrestricted - ending	<u>\$ 60,495</u>	<u>\$ 387,180</u>	<u>\$ 447,675</u>
Reconciliation of operating (loss) to net cash provided by operating activities:			
Operating loss	\$ (5)	\$ -	\$ (5)
Adjustments to reconcile operating loss to net cash (used) by operating activities			
Decrease in receivables	458	64,699	65,157
Decrease in due from other funds	69,969	-	69,969
Decrease in due from component units	1,638	-	1,638
(Increase) in prepaid items	-	(7,733)	(7,733)
(Decrease) in accounts payable	(4,998)	(16,959)	(21,957)
Increase in due to other funds	-	69,477	69,477
Increase in due to component units	-	968	968
Increase in other payables	2,219	-	2,219
	<u>69,281</u>	<u>110,452</u>	<u>179,733</u>
Net cash provided by operating activities	<u>\$ 69,281</u>	<u>\$ 110,452</u>	<u>\$ 179,733</u>

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

April 30, 2017

Assets:	
Cash and cash equivalents	\$ 185,222
Investments, at fair value	8,882
Due from primary government	1,183
Restricted assets	
Investments, at fair value	<u>30,636</u>
Total assets	<u><u>\$ 225,923</u></u>
Liabilities:	
Accounts payable	\$ 8,752
Payroll liabilities	2,011
Due to primary government	16,639
Advances from primary government	<u>49,718</u>
	77,120
Fund Balance:	
Nonspendable	30,636
Restricted	4,637
Unassigned	<u>113,530</u>
Total fund balances	<u>148,803</u>
Total liabilities and fund balance	<u><u>\$ 225,923</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, 2017

Revenues:	
Payments from primary government	\$ 523,868
Charges for services	1,525
Fines and forfeitures	16,231
Investment income	3,299
Operating contributions	42,657
Capital grants	<u>35,000</u>
Total revenues	<u>622,580</u>
Expenditures:	
Current	
Culture and recreation	429,841
Capital outlay	120,522
Debt service	
Interest	<u>2,456</u>
Total expenditures	<u>552,819</u>
Excess of revenues over expenditures	69,761
Other financing sources - loan proceeds	50,000
Fund balance - beginning	<u>29,042</u>
Fund balance - ending	<u><u>\$ 148,803</u></u>

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

April 30, 2017

	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund	Totals
<b>Assets:</b>			
Cash	\$ 892,528	\$ 865,172	\$ 1,757,700
Interest receivable	43,885	47,218	91,103
Prepaid expenses	2,867	-	2,867
Due from primary government	31,360	31,360	62,720
Total assets other than investments	<u>970,640</u>	<u>943,750</u>	<u>1,914,390</u>
<b>Investments at fair value</b>			
Certificates of deposit	-	149,570	149,570
U.S. government obligations	1,445,748	1,558,043	3,003,791
Corporate and municipal bonds	2,244,583	1,848,920	4,093,503
Insurance contracts	12,294,356	10,063,465	22,357,821
Mutual funds	-	181,736	181,736
Stocks	337,880	965,782	1,303,662
Total investments	<u>16,322,567</u>	<u>14,767,516</u>	<u>31,090,083</u>
Total assets	<u>17,293,207</u>	<u>15,711,266</u>	<u>33,004,473</u>
<b>Liabilities:</b>			
Accounts payable	7,688	-	7,688
Pensions payable	-	201,109	201,109
Total liabilities	<u>7,688</u>	<u>201,109</u>	<u>208,797</u>
<b>Net position:</b>			
Held in trust for pension benefits	<u>\$ 17,285,519</u>	<u>\$ 15,510,157</u>	<u>\$ 32,795,676</u>

CITY OF MATTOON, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY COMPONENT UNITS

For the Year Ended April 30, 2017

	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 1,437,453	\$ 1,533,379	\$ 2,970,832
Plan members	249,841	204,327	454,168
Total contributions	<u>1,687,294</u>	<u>1,737,706</u>	<u>3,425,000</u>
Investment income:			
Interest income	150,707	124,628	275,335
Dividend income	8,639	28,294	36,933
Net increase in fair value of investments	<u>1,497,612</u>	<u>1,391,647</u>	<u>2,889,259</u>
Net investment income	<u>1,656,958</u>	<u>1,544,569</u>	<u>3,201,527</u>
Total additions	<u>3,344,252</u>	<u>3,282,275</u>	<u>6,626,527</u>
Deductions:			
Benefits and refunds of contributions	2,055,641	2,377,256	4,432,897
Administrative expenses	53,591	18,475	72,066
Total deductions	<u>2,109,232</u>	<u>2,395,731</u>	<u>4,504,963</u>
Change in net position	1,235,020	886,544	2,121,564
Net position held in trust - beginning	<u>16,050,499</u>	<u>14,623,613</u>	<u>30,674,112</u>
Net position held in trust - ending	<u>\$ 17,285,519</u>	<u>\$ 15,510,157</u>	<u>\$ 32,795,676</u>

ACCOMPANYING INFORMATION SECTION

CITY OF MATTOON, ILLINOIS

LEGAL DEBT MARGIN  
(UNAUDITED)

April 30, 2017

Assessed valuation, 2016 levy		<u>\$ 197,365,815</u>
Statutory debt limitation: (8.625% of assessed valuation)		\$ 17,022,802
Total debt:		
General obligation bonds	\$ (13,290,000)	
Capital leases	(276,987)	
Notes payable	<u>(6,914,295)</u>	
Total debt		(20,481,282)
Less debt exempt from statutory debt limitation computation:		
General obligation bonds	13,290,000	
Notes payable - IEPA loans	<u>5,451,725</u>	
Total debt exempt from statutory debt limitation		<u>18,741,725</u>
Legal debt margin		<u>\$ 15,283,245</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, 2017, 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 3, 2017.

**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 deficiency described in the accompanying Schedule of Findings and Responses to be a material weakness (2017-001).

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 (2017-002).

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, Winklers & Co. LLP*

Mattoon, Illinois  
November 3, 2017

CITY OF MATTOON, ILLINOIS  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended April 30, 2017

**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, 2017

**FINDING NO. 2017-001 - Controls Over Financial Statement Preparation  
(Repeat of 2016-01, 2015-01, 2014-01)**

**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 reviewed, 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, 2017

**FINDING NO. 2017-002 - Inadequate Controls over Capital Assets  
(Repeat of 2016-02, 2015-02, 2014-02, 2013-04, 2012-05, and 2011-04)**

**Criteria/specific requirement**

Internal controls should be in place to provide reasonable assurance that capital assets are properly tracked and recorded.

**Condition:**

No internal record of the City's capital assets are reconciled to the fixed asset totals in the financial statements. When assets are disposed, original cost information is not always readily identifiable. A Mobile Equipment Fund is being used as a funding mechanism for future capital purchases and is used for budgeting and to record capital purchases. Some reclassification is necessary to accurately classify capital outlay expenditures.

**Effect:**

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

**Cause:**

There are no internal procedures in place to maintain a complete 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.

**Management's Response:**

A central data base of all capital assets will be developed when resources become available. In addition, an asset listing used for insurance purposes will be reconciled to the fixed asset recorded in the financial statements.