

CITY OF MATTOON, ILLINOIS
FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED APRIL 30, 2018

CITY OF MATTOON, ILLINOIS
 FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
 For the Year Ended April 30, 2018

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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, 2018, 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 from 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, 2018, 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 schedules, 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 schedules, 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 schedules, 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 October 30, 2018, 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 solely 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, Winters & Co. LLP

Mattoon, Illinois
October 30, 2018

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, 2018. 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 \$111,400,148 and total liabilities and deferred inflows of resources of \$116,886,065, resulting in a net position of (\$5,485,917) as of April 30, 2018. Total assets and deferred outflows of resources decreased from April 30, 2017 by \$2,259,060, total liabilities and deferred inflows of resources increased from April 30, 2017 by \$606,608, and the net position decreased from April 30, 2017 by \$2,865,668. The decrease in net position is mainly due to the change in deferred outflows and inflows of resources for pensions under GASB 68. Of the net position as of April 30, 2018, \$64,640,559 represents the City's investment in capital assets, net of related debt, \$3,754,262 is held for restricted purposes, and (\$73,880,738) 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 \$1.3 million, from \$11 million to \$9.7 million. The City's unrestricted cash position in the business-type activities increased by approximately \$1.2 million, from \$6.2 million to \$7.4 million.

- The following table shows the changes in major revenue sources from fiscal year 2017 to 2018.

**City of Mattoon, Illinois
Changes in Major Revenue Sources
April 30, 2018**

<u>Source</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Intergovernmental Shared Revenues	\$ 9,746,098	\$ 9,840,961	\$ (94,863)
Property Tax Revenues	5,117,090	4,619,355	497,735
Telecommunications taxes	655,394	790,916	(135,522)
Utility Tax Revenues	1,429,317	1,417,576	11,741
Water Fund Charges for Services	3,867,620	3,864,621	2,999
Sewer Fund Charges for Services	4,505,337	4,620,104	(114,767)
Charges for Services	1,739,315	1,722,418	16,897
Table Totals	<u>\$ 27,060,171</u>	<u>\$ 26,875,951</u>	<u>\$ 184,220</u>

Revenues are generally flat with decreases in shared revenues from the State, telecommunications taxes, and charges for sewer. Property taxes have increased mainly in the Tax Increment Financing Districts. Property taxes in general are 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. The City has continued to upgrade the technology used in operations and for the improvement of utility services. A new Public Works building was substantially completed during the year. Major projects are also underway in the Sewer Fund.

- 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, Capital Projects Fund, and Broadway East Business District Fund are shown as separate columns and data from the other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of 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 \$7.4 million as of April 30, 2018. 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.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current & Other Assets	\$19,538,462	\$20,785,010	\$10,123,932	\$8,147,684	\$29,662,394	\$28,932,694
Deferred Outflows of Resources	9,759,320	13,651,719	648,466	892,880	10,407,786	14,544,599
Capital Assets (net)	30,228,594	28,376,035	39,079,241	39,793,501	69,307,835	68,169,536
Total Assets and Deferred Outflows of Resources	\$59,526,376	\$62,812,764	\$49,851,639	\$48,834,065	\$109,378,015	\$111,646,829
Current Liabilities	\$1,279,937	\$1,632,786	\$509,392	\$751,975	\$1,789,329	\$2,384,761
Deferred Inflows of Resources	11,579,350	8,578,169	2,103,998	76,971	13,683,348	8,655,140
Non-current Liabilities	88,118,335	89,816,960	13,160,970	15,278,783	101,279,305	105,095,743
Total Liabilities and Deferred Inflows of Resources	\$100,977,622	\$100,027,915	\$15,774,360	\$16,107,729	\$116,751,982	\$116,135,644
Net Investment in Capital Assets	\$29,904,766	\$25,520,284	\$33,096,868	\$34,141,501	\$63,001,634	\$59,661,785
Restricted	3,729,745	3,914,771	-	-	3,729,745	3,914,771
Unrestricted	(75,085,757)	(66,650,206)	980,411	(1,415,165)	(74,105,346)	(68,065,371)
Total Net Position	(\$41,451,246)	(\$37,215,151)	\$34,077,279	\$32,726,336	(\$7,373,967)	(\$4,488,815)
Total Net Position as a % of Total Liabilities and Deferred Inflows of Resources	(41.1%)	(37.2%)	216.0%	203.2%	(6.3%)	(3.9%)
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows of Resources	(74.4%)	(66.6%)	6.2%	(8.8%)	(63.5%)	(58.6%)

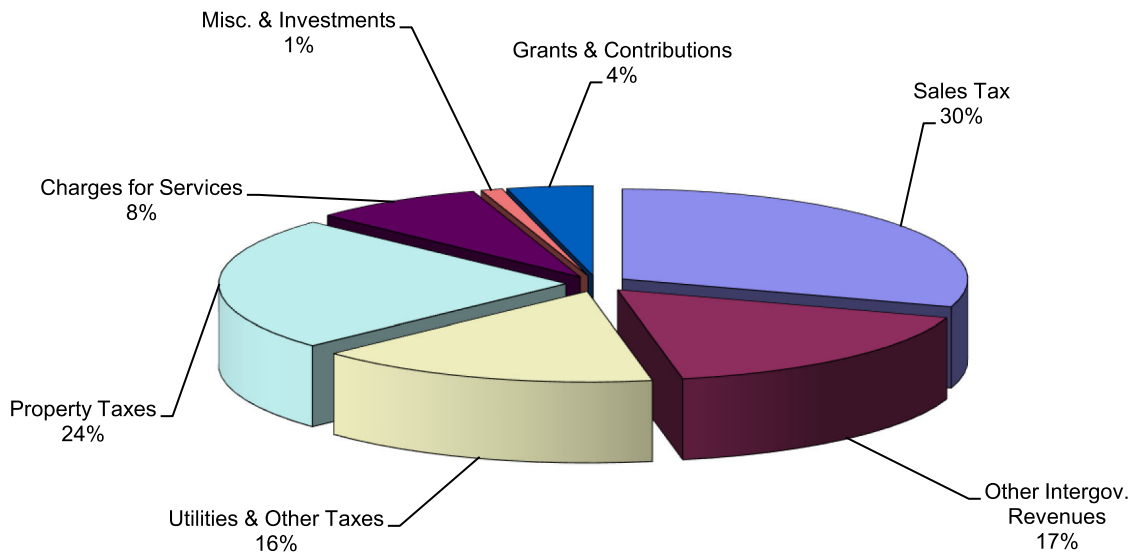
As of April 30, 2018, the governmental activities have a negative unrestricted net position of \$75,085,757. The business-type activities have an unrestricted net position of \$980,411. The negative net position in the governmental activities is largely due to unfunded net pension liabilities for City 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	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$1,739,315	\$1,722,418	\$8,372,957	\$8,484,725	\$10,112,272	\$10,207,143
Operating Grants & Contr.	272,163	313,179	0	0	272,163	313,179
Capital Grants & Contr.	458,170	1,012,874	0	0	458,170	1,012,874
General Revenues						
Property Taxes	5,117,090	4,619,355	0	0	5,117,090	4,619,355
Sales Taxes	6,237,893	6,230,679	0	0	6,237,893	6,230,679
Utility Taxes	1,429,317	1,417,576	0	0	1,429,317	1,417,576
Telecommunication Taxes	655,394	790,916	0	0	655,394	790,916
Other Taxes	1,191,062	1,202,938	0	0	1,191,062	1,202,938
Other Intergovern. Rev.	3,508,205	3,610,282	0	0	3,508,205	3,610,282
Investment Income	71,412	37,051	20,387	9,037	91,799	46,088
Miscellaneous Income	187,513	91,168	0	0	187,513	91,168
Gain (Loss) on Sale of Assets	36,893	3,039	4,342	26,187	41,235	29,226
Total Revenue	20,904,427	21,051,475	8,397,686	8,519,949	29,302,113	29,571,424
Expenses						
Program Expenses						
General Government	2,364,961	2,418,951	0	0	2,364,961	2,418,951
Public Safety	16,715,510	16,741,172	0	0	16,715,510	16,741,172
Public Works	2,956,477	3,001,555	0	0	2,956,477	3,001,555
Health and Welfare	181,799	199,093	0	0	181,799	199,093
Culture and Recreation	1,857,040	1,836,466	0	0	1,857,040	1,836,466
Economic Development	596,444	450,343	0	0	596,444	450,343
Interest on Long-Term Debt	468,291	379,554	0	0	468,291	379,554
Water	0	0	3,346,230	3,101,464	3,346,230	3,101,464
Sewer	0	0	3,700,513	3,301,487	3,700,513	3,301,487
Total Expenses	25,140,522	25,027,134	7,046,743	6,402,951	32,187,265	31,430,085
Increase (decrease) in net position						
before transfers	(4,236,095)	(3,975,659)	1,350,943	2,116,998	(2,885,152)	(1,858,661)
Transfers	0	0	0	0	0	0
Changes in Net Position	(4,236,095)	(3,975,659)	1,350,943	2,116,998	(2,885,152)	(1,858,661)
Net Position - May 1	(37,215,151)	(33,239,492)	32,726,336	30,609,338	(4,488,815)	(2,630,154)
Net Position - April 30	(\$41,451,246)	(\$37,215,151)	\$34,077,279	\$32,726,336	(\$7,373,967)	(\$4,488,815)

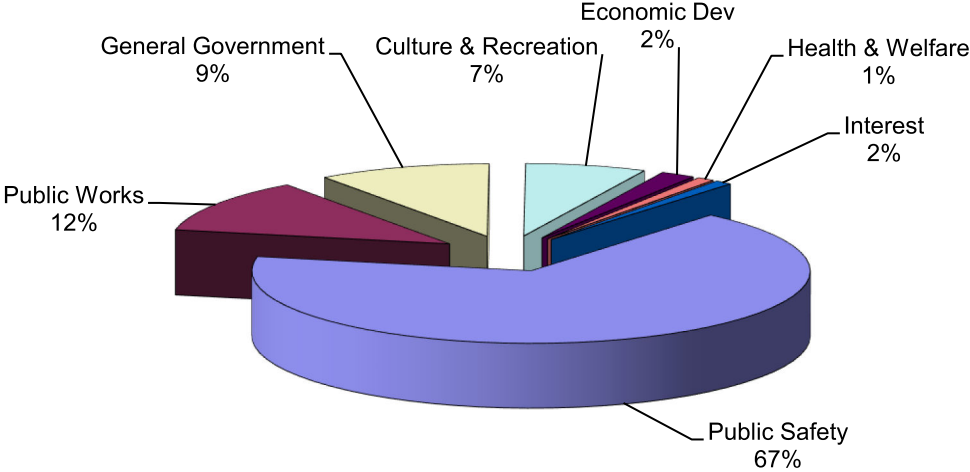
The following chart illustrates how governmental activities are funded. Sales taxes provided thirty percent (30%) of the governmental activities revenue. Other intergovernmental revenues (state shared taxes) provided seventeen percent (17%) of the governmental activities revenue. Property taxes provided twenty-four percent (24%) 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-seven percent (87%) of the governmental activities revenue. The remaining thirteen percent (13%) came from charges for services, eight percent (8%), miscellaneous and investment revenue, one percent (1%), and grants and contributions, four percent (4%).

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 nine percent (9%) of the total expenses of the governmental activities. The remaining twelve percent (12%) came from expenses for culture and recreation, seven percent (7%), economic development, two percent (2%), interest, two percent (2%), and health & welfare, one percent (1%).

Government Activities Expenses



Business-type activities, water and sewer utilities, depend on charges for services as their primary revenue sources. Primarily all revenues are generated from user charges.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Funds

The focus of the City's governmental funds 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, 2018, the City of Mattoon's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$11,086,836, a decrease of \$1,425,608 from April 30, 2017. Of the ending fund balances total, \$218,891 is considered nonspendable, \$3,504,292 is restricted, \$884,540 is committed, \$221,406 is assigned, and \$6,257,707 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-four percent (64%) of the General Fund expenditures of \$18.1 million are allocated to the public safety sector. Another twelve percent (12%) of the General Fund expenditures are derived from the functions of general government. Approximately nine percent (9%) of the General Fund's expenditures are derived from the public works operations.

The General Fund has a fund balance of \$6,747,268, an increase of \$213,632 over the balance as of April 30, 2017. The increase is mainly due to conservative budgeting and spending. The Capital Projects Fund has a fund balance of \$739,325, a decrease of \$1,880,932 from the balance as of April 30, 2017. 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 decrease is due to construction of a new public works building for the City. The Broadway East Business District Fund is used to implement the plan and project for this Business District and has a fund balance of \$175,006, a decrease of \$95,962 from the balance as of April 30, 2017.

With regard to the Other Governmental Funds, the Motor Fuel Tax Fund had a total fund balance of \$933,050, the Revolving Loan Fund had a total fund balance of \$1,077,305, the Midtown TIF District Fund had a fund balance of \$667,253, and the Broadway East TIF District Fund had a fund balance of \$194,302. 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 TIF 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, and the South Route 45 TIF District Fund. These remaining funds have a total fund balance as of April 30, 2018 of \$553,327. The total accumulated fund balances of all of the Other Governmental Funds increased by \$337,654 during the year ended April 30, 2018.

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, 2018 was \$34,077,279, an increase of \$1,350,943 from the previous year.

For the year ended April 30, 2018, operating revenues in the Water Fund totaled \$3,867,620 (an increase of \$2,999 from fiscal year 2017), operating expenses totaled \$3,320,904 (an increase of \$255,885 from fiscal year 2017) producing operating income of \$546,716 (a decrease of \$252,886 from fiscal year 2017). Non-operating revenues and expenses netted to a decrease in net position of \$10,222, leaving an increase to net position in the Water Fund of \$536,494. No water rate increases occurred during fiscal year 2018. The last increase was implemented on May 1, 2015 and no future increases are anticipated at this time.

For the year ended April 30, 2018, revenues in the Sewer Fund totaled \$4,505,337 (a decrease of \$114,767 from fiscal year 2017), operating expenses totaled \$3,516,639 (an increase of \$267,531 from fiscal year 2017) producing operating income of \$988,698 (a decrease of \$382,298 from fiscal year 2017). Non-operating revenues and expenses netted to a decrease in net position of \$174,249, leaving an increase to net position in the Sewer Fund of \$814,449. 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 2018 General Fund budget authorized expenditures and other financing uses of \$19,369,988 funded by anticipated revenues and other financing sources of \$19,212,238 leaving the amount of expenditures and other financing uses over revenues and other financing sources of \$157,750. The actual amount of expenditures and other financing uses under revenues and other financing sources was \$213,632, a positive budget to actual variance of \$371,382.

The largest variances in General Fund revenues were from charges for services and taxes. Charges for services fell under the budgeted amount by \$172,581 and taxes fell under the budgeted amount by \$125,720. General Fund expenditures had an overall variance of \$512,342. There were positive variances in General Government of \$539,400 and in Public Safety of \$378,411. There was a negative variance in Capital Outlay of \$499,797.

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, 2018. As summarized in the table below, the City's investment in capital assets for governmental and business-type activities as of April 30, 2018 totaled \$170 million. Forty-six percent (46%) of this total cost was related to the business-type activities, with the City's sewer collection and treatment system and water distribution system comprising the most significant component. The governmental activities comprised approximately fifty-four percent (54%) of the total, with the most significant portion being the infrastructure (roads, bridges, and sidewalks) of the City.

Total accumulated depreciation was \$100.7 million, or fifty-nine percent (59%) of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is \$69.3 million.

City of Mattoon, Illinois Capital Assets, Net of Accumulated Depreciation April 30, 2018

Classification	Governmental Activities	Business-type Activities	Total
Land	\$ 3,374,149	\$ 587,155	\$ 3,961,304
Buildings and Improvements	10,607,500	13,250,379	23,857,879
Equipment, furniture and vehicles	6,693,904	4,413,619	11,107,523
Improvements other than buildings	6,126,527	304,252	6,430,779
Infrastructure	61,222,718	-	61,222,718
Treat. collect. and distrib. systems	-	51,760,058	51,760,058
Construction in Progress	3,479,753	8,153,606	11,633,359
Subtotal	<u>91,504,551</u>	<u>78,469,069</u>	<u>169,973,620</u>
Less Accumulated Depreciation	<u>(61,275,957)</u>	<u>(39,389,828)</u>	<u>(100,665,785)</u>
Total	<u>\$ 30,228,594</u>	<u>\$ 39,079,241</u>	<u>\$ 69,307,835</u>

Long-Term Liabilities

On April 30, 2018, the City of Mattoon had \$101,279,305 of long-term liabilities outstanding (a decrease of \$3,816,438 from April 30, 2017, as summarized in the following table:

City of Mattoon, Illinois
General Obligation Bonds, Notes Outstanding and Other Long-Term Liabilities
April 30, 2018

Classification	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 7,420,000	\$ 4,128,721	\$ 11,548,721
Notes Payable	784,020	6,196,177	6,980,197
Capital Leases	221,932	-	221,932
Compensated Absences	1,006,164	264,243	1,270,407
Net Pension Liability	69,561,376	-	69,561,376
Post-Employment Healthcare	9,124,843	2,571,829	11,696,672
Total	<u>\$ 88,118,335</u>	<u>\$ 13,160,970</u>	<u>\$101,279,305</u>

The liability for General Obligation Bonds decreased \$1,987,039 due to principal payments on the bonds. The Notes Payable liability increased \$65,902.

The Net Pension Liability decreased \$3,243,287 from the prior year. The liability for Compensated Absences decreased \$57,642 and the Post-Employment Healthcare Benefits liabilities increased \$1,460,683 during this fiscal year. The liability for capital leases decreased by \$55,055. Detailed information regarding specific debt can be found in notes 12, 13, 14, and 15 beginning on page 57.

During the year ended April 30, 2018, the City refunded General Obligation Bonds in the Capital Projects and Broadway East Business District Funds.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF MATTOON, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Mattoon Public Library
Assets:				
Cash and cash equivalents	\$ 9,690,324	\$ 7,417,441	\$ 17,107,765	\$ 262,945
Investments, at fair value	-	-	-	42,082
Receivables	8,481,382	1,147,431	9,628,813	25
Internal balances	18,447	(18,447)	-	-
Due from primary government	-	-	-	250
Due from component units	17,910	-	17,910	-
Prepaid items	167,741	6,250	173,991	-
Advances to component units	38,708	-	38,708	-
Restricted assets:				
Cash and cash equivalents	326,554	751,232	1,077,786	-
Certificates of deposit	9,190	-	9,190	-
Noncurrent assets:				
Cemetery development	60,652	-	60,652	-
Long-term receivables	95,951	-	95,951	-
Net pension asset - IMRF	631,603	820,025	1,451,628	-
Capital assets, net of depreciation				
Land	3,374,149	587,155	3,961,304	-
Buildings and building improvements	6,776,697	7,157,892	13,934,589	1,711,166
Improvements other than buildings	5,098,475	131,054	5,229,529	-
Treatments, collection and distribution systems	-	22,071,884	22,071,884	-
Infrastructure	10,484,883	-	10,484,883	-
Equipment, furniture and vehicles	1,014,637	977,650	1,992,287	5,665
Construction in progress	3,479,753	8,153,606	11,633,359	-
Total assets	49,767,056	49,203,173	98,970,229	2,022,133
Deferred outflows of resources:				
Pension items - IMRF	499,465	648,466	1,147,931	-
Pension items - Police Pension Fund	6,397,296	-	6,397,296	-
Pension items - Firefighters' Pension Fund	2,859,368	-	2,859,368	-
Advance refunding on debt charges	3,191	-	3,191	-
Total deferred outflows of resources	9,759,320	648,466	10,407,786	-
Combined assets and deferred outflows of resources	\$ 59,526,376	\$ 49,851,639	\$ 109,378,015	\$ 2,022,133

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

CITY OF MATTOON, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Mattoon Public Library
Liabilities:				
Accounts payable	\$ 670,476	\$ 150,347	\$ 820,823	\$ 10,616
Payroll liabilities payable	335,068	123,130	458,198	2,601
Accrued interest expense	138,164	66,205	204,369	1,506
Due to primary government	-	-	-	17,910
Due to component units	70,666	-	70,666	-
Unearned revenue	54,777	-	54,777	-
Other payables from restricted assets	10,786	169,710	180,496	-
Advances from primary government	-	-	-	38,708
Noncurrent liabilities:				
Due within one year	1,077,513	1,449,045	2,526,558	8,548
Due in more than one year	87,040,822	11,711,925	98,752,747	54,194
Total liabilities	89,398,272	13,670,362	103,068,634	134,083
Deferred inflows of resources:				
Pension items - IMRF	1,620,552	2,103,998	3,724,550	-
Pension items - Police Pension Fund	3,127,672	-	3,127,672	-
Pension items - Firefighters' Pension Fund	1,331,699	-	1,331,699	-
Current refunding - unamortized premiums	61,888	-	61,888	-
Property taxes	5,437,539	-	5,437,539	-
Total deferred inflows of resources	11,579,350	2,103,998	13,683,348	-
Combined liabilities and deferred inflows of resources	100,977,622	15,774,360	116,751,982	134,083
Net position:				
Net investment in capital assets	29,904,766	33,096,868	63,001,634	1,638,925
Restricted for:				
Public safety	78,533	-	78,533	-
Highways and streets	935,377	-	935,377	-
Culture and recreation	214,787	-	214,787	24,517
Economic development	2,193,448	-	2,193,448	-
Cemetery maintenance	307,600	-	307,600	-
Unrestricted	(75,085,757)	980,411	(74,105,346)	224,608
Total net position	\$ (41,451,246)	\$ 34,077,279	\$ (7,373,967)	\$ 1,888,050

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

CITY OF MATTOON, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2018

Functions/Programs:	Program Revenues				Net Revenue (Expense) and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 2,364,961	\$ 254,041	\$ -	\$ -	\$ (2,110,920)	\$ -	\$ (2,110,920)	
Public safety	16,715,510	1,026,408	106,827	323,585	(15,258,690)	-	(15,258,690)	
Public works	2,956,477	28,556	19,764	-	(2,908,157)	-	(2,908,157)	
Health and welfare	181,799	103,108	-	-	(78,691)	-	(78,691)	
Culture and recreation	1,857,040	327,202	145,572	22,536	(1,361,730)	-	(1,361,730)	
Economic development	596,444	-	-	112,049	(484,395)	-	(484,395)	
Interest on long-term debt	468,291	-	-	-	(468,291)	-	(468,291)	
Total governmental activities	25,140,522	1,739,315	272,163	458,170	(22,670,874)	-	(22,670,874)	
Business-type activities:								
Water	3,346,230	3,867,620	-	-	-	521,390	521,390	
Sewer	3,700,513	4,505,337	-	-	-	804,824	804,824	
Total business-type activities	7,046,743	8,372,957	-	-	-	1,326,214	1,326,214	
Total primary government	\$ 32,187,265	\$ 10,112,272	\$ 272,163	\$ 458,170	(22,670,874)	1,326,214	(21,344,660)	
Component Unit:								
Mattoon Public Library	\$ 553,193	\$ 16,886	\$ 65,482	\$ -	-	-	\$ (470,825)	
General Revenues:								
Property taxes					4,239,841	-	4,239,841	
TIF property tax increment					877,249	-	877,249	
Telecommunications taxes					655,394	-	655,394	
Utility taxes					1,429,317	-	1,429,317	
Business district taxes					307,977	-	307,977	
Other taxes					883,085	-	883,085	
Payments from primary government					-	-	-	487,499
Sales taxes					6,237,893	-	6,237,893	
Income and use taxes					2,165,402	-	2,165,402	
Other intergovernmental revenues					1,342,803	-	1,342,803	
Investment income					71,412	20,387	91,799	2,810
Miscellaneous income					187,513	-	187,513	
Gain on disposal of capital assets, net					36,893	4,342	41,235	
Total general revenues and transfers					18,434,779	24,729	18,459,508	490,309
Change in net position					(4,236,095)	1,350,943	(2,885,152)	19,484
Net position - beginning					(37,215,151)	32,726,336	(4,488,815)	1,868,566
Net position - ending					\$ (41,451,246)	\$ 34,077,279	(7,373,967)	\$ 1,888,050

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

CITY OF MATTOON, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2018

	General Fund	Capital Projects Fund	Broadway East Business District Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 5,071,594	\$ 736,898	\$ 135,197	\$ 3,382,863	\$ 9,326,552
Receivables, net of allowance for uncollectibles	7,215,653	-	67,548	1,188,047	8,471,248
Due from other funds	19,737	113,161	-	24	132,922
Due from component units	16,214	-	-	-	16,214
Prepaid items	23,579	-	-	-	23,579
Long-term receivables	-	-	-	95,951	95,951
Advances to component unit	38,708	-	-	-	38,708
Cemetery development	60,652	-	-	-	60,652
Restricted assets:					
Cash and cash equivalents	316,291	-	-	-	316,291
Certificates of deposit	9,190	-	-	-	9,190
Total assets	\$ 12,771,618	\$ 850,059	\$ 202,745	\$ 4,666,885	\$ 18,491,307
Liabilities:					
Accounts payable	\$ 176,233	\$ 110,734	\$ 5,461	\$ 237,187	\$ 529,615
Payroll liabilities payable	330,764	-	-	4,304	335,068
Due to other funds	179,808	-	-	431	180,239
Due to component units	70,416	-	-	-	70,416
Unearned revenue	54,777	-	-	-	54,777
Total liabilities	811,998	110,734	5,461	241,922	1,170,115
Deferred inflows of resources	5,212,352	-	22,278	999,726	6,234,356
Fund Balance:					
Nonspendable	122,940	-	-	95,951	218,891
Restricted	-	-	175,006	3,329,286	3,504,292
Committed	145,215	739,325	-	-	884,540
Assigned	221,406	-	-	-	221,406
Unassigned	6,257,707	-	-	-	6,257,707
Total fund balance	6,747,268	739,325	175,006	3,425,237	11,086,836
Total liabilities, deferred inflows of resources, and fund balance	\$ 12,771,618	\$ 850,059	\$ 202,745	\$ 4,666,885	\$ 18,491,307

Total liabilities, deferred inflows of resources, and fund balance

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

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

April 30, 2018

Total fund balances - governmental funds	\$ 11,086,836
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.	30,228,594
Receivables not available to pay for current-period expenditures and, therefore, not reported in the funds.	796,817
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.	3,191
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.	3,676,206
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>(87,686,784)</u>
Net position of governmental activities	<u>\$ (41,451,246)</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, 2018

	General Fund	Capital Projects Fund	Broadway East Business District Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,872,239	\$ -	\$ 276,375	\$ 1,260,221	\$ 8,408,835
Licenses and permits	225,858	-	-	-	225,858
Intergovernmental revenues	10,083,212	-	-	601,166	10,684,378
Charges for services	1,323,977	-	-	-	1,323,977
Fines and forfeitures	151,087	-	-	-	151,087
Investment income	53,278	1,862	482	15,610	71,232
Contributions and miscellaneous revenues	299,340	29,788	-	23,448	352,576
Total revenues	<u>19,008,991</u>	<u>31,650</u>	<u>276,857</u>	<u>1,900,445</u>	<u>21,217,943</u>
Expenditures:					
Current:					
General government	2,077,176	232	-	-	2,077,408
Public safety	11,601,092	52,126	-	-	11,653,218
Public works	1,550,452	34,442	-	478,678	2,063,572
Health and welfare	161,065	-	-	-	161,065
Culture and recreation	1,444,892	7,046	-	261,687	1,713,625
Economic development	50,000	-	35,606	510,838	596,444
Capital outlay	825,738	2,095,781	-	254,002	3,175,521
Debt service:					
Principal	370,551	4,475,000	3,110,000	30,143	7,985,694
Interest and fiscal charges	26,680	237,470	212,213	27,443	503,806
Total expenditures	<u>18,107,646</u>	<u>6,902,097</u>	<u>3,357,819</u>	<u>1,562,791</u>	<u>29,930,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>901,345</u>	<u>(6,870,447)</u>	<u>(3,080,962)</u>	<u>337,654</u>	<u>(8,712,410)</u>
Other financing sources (uses):					
Proceeds from refunding bonds	-	4,260,000	2,985,000	-	7,245,000
Transfers in	-	729,515	-	-	729,515
Transfers out	(729,515)	-	-	-	(729,515)
Proceeds from sale of assets	41,802	-	-	-	41,802
Total other financing sources (uses)	<u>(687,713)</u>	<u>4,989,515</u>	<u>2,985,000</u>	<u>-</u>	<u>7,286,802</u>
Net change in fund balances	213,632	(1,880,932)	(95,962)	337,654	(1,425,608)
Fund balance - beginning	6,533,636	2,620,257	270,968	3,087,583	12,512,444
Fund balance - ending	<u>\$ 6,747,268</u>	<u>\$ 739,325</u>	<u>\$ 175,006</u>	<u>\$ 3,425,237</u>	<u>\$ 11,086,836</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, 2018

Net change in fund balances	\$ (1,425,608)
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.	1,857,468
The net effect of various miscellaneous transactions involving capital assets (e.g. sales and donations) is to decrease net position.	(4,909)
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.	(350,408)
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.	747,531
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>(5,055,382)</u>
Change in net position of governmental activities	<u><u>\$ (4,236,095)</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, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,824,034	\$ 4,593,407	\$ 7,417,441	\$ 363,772
Receivables, net of allowance	468,842	678,589	1,147,431	10,134
Due from other funds	4,844	4,963	9,807	90,990
Due from component units	-	-	-	1,696
Prepaid items	-	6,250	6,250	144,162
Restricted assets:				
Cash and cash equivalents	347,823	403,409	751,232	10,263
Total current assets	<u>3,645,543</u>	<u>5,686,618</u>	<u>9,332,161</u>	<u>621,017</u>
Noncurrent assets:				
Net pension asset - IMRF	400,069	419,956	820,025	-
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	13,005,788	38,754,270	51,760,058	-
Equipment, furniture and vehicles	2,268,176	2,145,443	4,413,619	-
Construction in progress	89,924	8,063,682	8,153,606	-
Less: accumulated depreciation	<u>(14,269,045)</u>	<u>(25,120,783)</u>	<u>(39,389,828)</u>	<u>-</u>
Total noncurrent assets	<u>14,307,409</u>	<u>25,591,857</u>	<u>39,899,266</u>	<u>-</u>
Total assets	<u>17,952,952</u>	<u>31,278,475</u>	<u>49,231,427</u>	<u>621,017</u>
Deferred outflows of resources:				
Deferred items - IMRF	316,370	332,096	648,466	-
Combined assets and deferred outflows of resources	<u>\$ 18,269,322</u>	<u>\$ 31,610,571</u>	<u>\$ 49,879,893</u>	<u>\$ 621,017</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, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Liabilities:				
Current liabilities:				
Accounts payable	\$ 36,965	\$ 113,382	\$ 150,347	\$ 140,861
Payroll liabilities payable	61,609	61,521	123,130	-
Accrued interest	9,346	56,859	66,205	-
Due to other funds	13,680	14,574	28,254	25,226
Due to component unit	-	-	-	250
Compensated absences payable - current	26,154	26,695	52,849	-
General obligation bonds - current	485,000	520,000	1,005,000	-
Notes payable - current	69,938	321,258	391,196	-
Other payables from restricted assets	169,710	-	169,710	10,786
Total current liabilities	<u>872,402</u>	<u>1,114,289</u>	<u>1,986,691</u>	<u>177,123</u>
Noncurrent liabilities:				
Long-term debt payable:				
General obligation bonds payable, net of unamortized discounts and premiums	531,485	2,592,236	3,123,721	-
Notes payable	145,139	5,659,842	5,804,981	-
Compensated absences payable	104,616	106,778	211,394	-
Post-employment healthcare benefits obligation	<u>1,253,975</u>	<u>1,317,854</u>	<u>2,571,829</u>	<u>-</u>
Total noncurrent liabilities	<u>2,035,215</u>	<u>9,676,710</u>	<u>11,711,925</u>	<u>-</u>
Total liabilities	<u>2,907,617</u>	<u>10,790,999</u>	<u>13,698,616</u>	<u>177,123</u>
Deferred inflows of resources:				
Deferred items - IMRF	<u>1,026,486</u>	<u>1,077,512</u>	<u>2,103,998</u>	<u>-</u>
Combined liabilities and deferred inflows of resources	<u>\$ 3,934,103</u>	<u>\$ 11,868,511</u>	<u>\$ 15,802,614</u>	<u>\$ 177,123</u>
Net position:				
Net investment in capital assets	13,863,212	19,233,656	33,096,868	-
Unrestricted	<u>472,007</u>	<u>508,404</u>	<u>980,411</u>	<u>443,894</u>
Total net position	<u>\$ 14,335,219</u>	<u>\$ 19,742,060</u>	<u>\$ 34,077,279</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, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Operating revenues:				
Charges for services	\$ 3,867,620	\$ 4,505,337	\$ 8,372,957	\$ -
Fund charges and employee contributions	-	-	-	4,829,404
Miscellaneous operating revenues	-	-	-	79,320
Total operating revenues	<u>3,867,620</u>	<u>4,505,337</u>	<u>8,372,957</u>	<u>4,908,724</u>
Operating expenses:				
Reservoirs and sources of supply	23,322	-	23,322	-
Water treatment plant	1,084,786	-	1,084,786	-
Water distribution	536,452	-	536,452	-
Sewer collection system	-	560,140	560,140	-
Sewer lift stations	-	62,314	62,314	-
Wastewater treatment plant	-	984,221	984,221	-
Accounting and collection	387,484	384,638	772,122	-
Administrative and general	604,515	734,334	1,338,849	616,002
Insurance	-	-	-	1,319,578
Health claims and uninsured judgments	-	-	-	2,973,149
Depreciation	684,345	790,992	1,475,337	-
Total operating expenses	<u>3,320,904</u>	<u>3,516,639</u>	<u>6,837,543</u>	<u>4,908,729</u>
Operating income (loss)	<u>546,716</u>	<u>988,698</u>	<u>1,535,414</u>	<u>(5)</u>
Nonoperating revenues (expenses):				
Investment income	12,087	8,300	20,387	5
Interest expense	(25,326)	(183,874)	(209,200)	-
Gain on sale of capital assets	3,017	1,325	4,342	-
Total nonoperating revenues (expenses)	<u>(10,222)</u>	<u>(174,249)</u>	<u>(184,471)</u>	<u>5</u>
Change in net position	536,494	814,449	1,350,943	-
Total net position - beginning	<u>13,798,725</u>	<u>18,927,611</u>	<u>32,726,336</u>	<u>443,894</u>
Total net position - ending	<u>\$ 14,335,219</u>	<u>\$ 19,742,060</u>	<u>\$ 34,077,279</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, 2018

	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	\$ 3,857,264	\$ 4,422,856	\$ 8,280,120	\$ -
Receipts from interfund services provided	-	-	-	3,661,223
Receipts from component units	-	-	-	66,080
Receipts from employees and retirees	-	-	-	1,050,356
Payments to employees	(997,900)	(1,034,425)	(2,032,325)	-
Payments to suppliers	(1,028,460)	(1,166,675)	(2,195,135)	(1,942,104)
Payments to claimants	-	-	-	(2,994,018)
Payments for interfund services used	(372,312)	(468,553)	(840,865)	-
Other receipts	-	-	-	84,818
Net cash provided (used) by operating activities	<u>1,458,592</u>	<u>1,753,203</u>	<u>3,211,795</u>	<u>(73,645)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(183,917)	(577,160)	(761,077)	-
Principal payments on debt	(543,239)	(1,221,414)	(1,764,653)	-
Interest and fiscal charges	(36,155)	(204,253)	(240,408)	-
Proceeds from debt	-	626,194	626,194	-
Net cash (used) for capital and related financing activities	<u>(763,311)</u>	<u>(1,376,633)</u>	<u>(2,139,944)</u>	<u>-</u>
Cash flows from investing activities:				
Investment income received (net of expense)	<u>12,087</u>	<u>8,300</u>	<u>20,387</u>	<u>5</u>
Net cash provided by investing activities	<u>12,087</u>	<u>8,300</u>	<u>20,387</u>	<u>5</u>
Net increase (decrease) in cash	707,368	384,870	1,092,238	(73,640)
Cash, restricted and unrestricted - beginning	<u>2,464,489</u>	<u>4,611,946</u>	<u>7,076,435</u>	<u>447,675</u>
Cash, restricted and unrestricted - ending	<u>\$ 3,171,857</u>	<u>\$ 4,996,816</u>	<u>\$ 8,168,673</u>	<u>\$ 374,035</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, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 546,716	\$ 988,698	\$ 1,535,414	\$ (5)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	684,345	790,992	1,475,337	-
Gain from sale of capital assets	3,017	1,325	4,342	-
(Increase) decrease in assets:				
(Increase) decrease in receivables	4,544	(82,481)	(77,937)	2,659
Decrease in due from other funds	2,810	10,081	12,891	12,278
Decrease in due from component units	-	-	-	74
(Increase) in prepaid items	-	-	-	(5,756)
(Increase) in net pension asset - IMRF	(400,069)	(419,956)	(820,025)	-
Decrease in deferred outflows of resources:				
Decrease in deferred items - IMRF	111,268	126,074	237,342	-
Increase (decrease) in liabilities:				
(Decrease) in accounts payable	(16,775)	(220,917)	(237,692)	(27,131)
Increase in payroll liabilities payable	13,320	6,654	19,974	-
Increase (decrease) in due to other funds	728	333	1,061	(59,204)
(Decrease) in due to component units	-	-	-	(933)
Increase (decrease) in compensated absences payable	(5,114)	12,275	7,161	-
Increase in other post-employment benefits payable	186,284	195,523	381,807	-
(Decrease) in net pension liability -IMRF	(646,909)	(693,098)	(1,340,007)	-
Increase (decrease) in other payables	(14,900)	-	(14,900)	4,373
Increase in deferred inflows of resources:				
Increase in deferred items - IMRF	989,327	1,037,700	2,027,027	-
Net cash provided (used) by operating activities	<u>\$ 1,458,592</u>	<u>\$ 1,753,203</u>	<u>\$ 3,211,795</u>	<u>\$ (73,645)</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, 2018

	Pension Component Units
Assets:	
Cash	\$ 1,051,616
Interest receivable	61,584
Prepaid expenses	2,820
Due from primary government	70,416
Total assets other than investments	1,186,436
Investments, at fair value:	
Certificate of deposit	428,378
U.S. government obligations	1,015,558
Corporate and municipal bonds	5,193,768
Insurance contracts	25,498,715
Mutual funds	192,702
Stocks	1,437,233
Total investments	33,766,354
Total assets	34,952,790
Liabilities:	
Accounts payable	7,682
Pensions payable	223,071
Total liabilities	230,753
Net Position:	
Held in trust for pension benefits	\$ 34,722,037

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, 2018

	<u>Pension Component Units</u>
Additions:	
Contributions:	
Employer	\$ 3,468,722
Plan members	<u>453,925</u>
Total contributions	<u>3,922,647</u>
Investment income:	
Interest income	228,098
Dividend income	44,458
Net increase in fair value of investments	<u>2,482,822</u>
Net investment income	<u>2,755,378</u>
Total additions	<u>6,678,025</u>
Deductions:	
Benefits and refunds of contributions	4,669,698
Administrative expenses	<u>81,966</u>
Total deductions	<u>4,751,664</u>
Change in net position	1,926,361
Net position held in trust - beginning	<u>32,795,676</u>
Net position held in trust - ending	<u><u>\$ 34,722,037</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, 2018

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, 2018

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, 2018

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).

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.).

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.).

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS (Continued)

South Rt 45 TIF District Fund – This fund is used to account for the revenues and expenditures for implementation of the South Rt 45 Redevelopment Plan and Project, including all property tax increment revenues received from Coles County allocable to the operation of the South Rt 45 Tax Increment District as required by the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-3 et. seq.).

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

Broadway East TIF District Fund – This fund is used to account for the revenue and expenditures for implementation of the Broadway East Redevelopment Plan and Project, including all property tax increment revenues received from Coles County allocable to the operation of the Broadway East Tax Increment District as required by the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-3 et. seq.).

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.

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.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2018

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 2016 tax extension to the City on June 12, 2017, July 14, 2017, September 29, 2017, and November 22, 2017. The City Council adopted the 2017 tax levy (receivable in calendar year 2018) on December 19, 2017. The 2017 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 2019 expenditures. Property tax revenues recorded in these financial statements are from the 2016 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."

The City follows 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, 2018

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.

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

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, 2018

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 the projects are constructed.

During 2018, the City early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for certain interest costs. Beginning in fiscal year 2018, any interest costs incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred and not capitalized as part of the historical cost of a capital asset.

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

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended April 30, 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND BALANCES (Continued)

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.

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 \$3,729,745 of which \$1,150,164 is restricted by enabling legislation.

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 18, 2017. The budget was subsequently amended on June 6, 2017 and April 17, 2018.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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	\$ (7,420,000)
Plus: bond premium (to be amortized as interest expense)	(61,888)
Accrued interest payable	(138,164)
Capital leases payable	(221,932)
Notes payable	(784,020)
Compensated absences payable	(1,006,164)
Net pension asset - IMRF	631,603
Net pension liability - police pension	(33,313,026)
Net pension liability - firefighter pension	(36,248,350)
Post-employment healthcare benefits obligation	<u>(9,124,843)</u>
Net adjustment to reduce "total fund balances, governmental funds" to arrive at "net position of governmental activities"	<u><u>\$ (87,686,784)</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	\$ 499,465
Deferred outflows - Mattoon Police Pension Trust Fund	6,397,296
Deferred outflows - Mattoon Firefighters Pension Trust Fund	2,859,368
Deferred inflows - IMRF	(1,620,552)
Deferred inflows - Mattoon Police Pension Trust Fund	(3,127,672)
Deferred inflows - Mattoon Firefighters Pension Trust Fund	<u>(1,331,699)</u>
	<u><u>\$ 3,676,206</u></u>

CITY OF MATTOON, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Year Ended April 30, 2018

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	\$ 3,175,521
Depreciation	<u>(1,318,053)</u>
Net adjustment to reduce "net change in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	<u>\$ 1,857,468</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 on disposal of capital assets	\$ 36,893
Proceeds from sale of assets	<u>(41,802)</u>
Net adjustment to reduce "net change in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	<u>\$ (4,909)</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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	\$ 7,760,000
Capital leases	55,055
Notes payable	170,639
Debt proceeds	(7,245,000)
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>\$ 747,531</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		\$ 64,803
Accrued interest		33,463
Post employment healthcare benefits obligation		(1,078,877)
Change in the net pension liability:		
IMRF	1,872,006	
Mattoon Police Pension Trust Fund	1,493,126	
Mattoon Firefighters Police Pension Trust Fund	<u>(830,249)</u>	2,534,883
Change in deferred inflows and outflows of resources:		
IMRF	(1,869,803)	
Mattoon Police Pension Trust Fund	(4,079,110)	
Mattoon Firefighters Police Pension Trust Fund	<u>(660,741)</u>	<u>(6,609,654)</u>
Net adjustment to reduce "net change in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"		<u>\$ (5,055,382)</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

3 DEPOSITS AND INVESTMENTS

A. DEPOSITS

At April 30, 2018, the carrying amount of the primary government's deposits was \$13,875,210 and the bank balance was \$14,272,692. The governmental component unit (Mattoon Public Library) had deposits with a carrying amount of \$262,730 and bank balances totaling \$285,373. The fiduciary component units had deposits with a carrying amount of \$1,051,616 and bank balances totaling \$1,055,460. The primary government and governmental component unit (Mattoon Public Library) had cash on hand of \$830 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, 2018, deposits at First Mid 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 \$4,108,223, with \$3,858,223 uninsured by FDIC, but fully collateralized by securities pledged by the financial institution. The City's cash balance at First Mid Bank & Trust totaled \$10,153,279, with \$9,903,279 uninsured by FDIC, but fully collateralized by securities pledged by the financial institution.

B. INVESTMENTS

At April 30, 2018, 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>\$ 4,318,701</u>	AAAm	Demand *

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

At April 30, 2018, 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>\$ 42,082</u>	N/A	N/A

At April 30, 2018, 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	\$ 192,702	N/A	N/A
Common stock	1	1,437,233	N/A	N/A
Certificates of deposit	2	428,378	N/A	N/A
U.S. government obligations	2	1,015,558	AA+/AAA	17.75
Corporate and municipal bonds	2	5,193,768	A+/AA3	5.31
Insurance contracts		<u>25,498,715</u>	A/A2	N/A
Total		<u>\$ 33,766,354</u>		

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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

The Mattoon Public Library holds an account with Southeastern Illinois Community Foundation (SICF). While invested as a pool, individual funds are accounted for by the SICF 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, 2018

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 at the time of investment. 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 AIG Annuity Insurance Company annuities (30.07%), and Voya Insurance and Annuity Company annuities (40.10%).

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	\$ 13,875,210	\$ 262,730	\$ 1,051,616
Investments, at fair value	4,318,701	42,082	33,766,354
Cash on hand	830	215	-
Total deposits, investments and cash on hand	\$ 18,194,741	\$ 305,027	\$ 34,817,970
Cash, certificates of deposit and investments per statements:			
Cash and cash equivalents	\$ 17,107,765	\$ 262,945	\$ 1,051,616
Investments, at fair value	-	42,082	33,766,354
Restricted assets:			
Cash and cash equivalents	1,077,786	-	-
Certificates of deposit	9,190	-	-
Total cash and cash equivalents, certificates of deposit and investments	\$ 18,194,741	\$ 305,027	\$ 34,817,970

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

4 RECEIVABLES

Receivables balances as of April 30, 2018, for the primary government were as follows:

	Governmental Activities				
	Governmental Funds			Proprietary Funds	Total
	General Fund	Broadway East Business District Fund	Other Governmental Funds	Internal Service Funds	
Property taxes	\$ 4,468,000	\$ -	\$ -	\$ -	\$ 4,468,000
TIF property tax increment	-	-	969,538	-	969,538
Business district taxes	-	67,548	9,132	-	76,680
Utility taxes	137,946	-	-	-	137,946
Telecommunications taxes	157,999	-	-	-	157,999
Income and use taxes	452,288	-	-	-	452,288
Sales taxes	1,518,692	-	-	-	1,518,692
Personal property replacement taxes	101,975	-	-	-	101,975
Motor fuel taxes	-	-	81,583	-	81,583
Other taxes	72,218	-	57,906	-	130,124
Grants	4,006	-	28,495	-	32,501
Ambulance, net	109,033	-	-	-	109,033
Other receivables	193,496	-	41,393	10,134	245,023
Total	\$ 7,215,653	\$ 67,548	\$ 1,188,047	\$ 10,134	\$ 8,481,382

The ambulance billing receivable has been reduced by an allowance for uncollectible accounts of \$184,583.

	Business-Type Activities		
	Proprietary Funds		
	Water Fund	Sewer Fund	Total
Customer receivables	\$ 469,010	\$ 680,534	\$ 1,149,544
Other receivables	735	-	735
Less: allowance for uncollectible accounts	(903)	(1,945)	(2,848)
Total	\$ 468,842	\$ 678,589	\$ 1,147,431

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

5 SCHEDULE OF PAYABLES AND RECEIVABLES WITHIN THE REPORTING ENTITY

Payables and receivables between funds consisted of the following at April 30, 2018:

Due to/from Other funds

Fund	Receivable	Payable
Governmental Funds:		
General Fund	\$ 19,737	\$ 179,808
Capital Projects Fund	113,161	-
Other Governmental Funds		
Hotel and Motel Tax Fund	24	431
Total governmental funds	132,922	180,239
Proprietary Funds:		
Enterprise Funds:		
Water Fund	4,844	13,680
Sewer Fund	4,963	14,574
Total Enterprise Funds	9,807	28,254
Internal Service Funds:		
Health Insurance Fund	90,990	-
Insurance and Tort Judgment Fund	-	25,226
Total Internal Service Funds	90,990	25,226
Total Proprietary Funds	100,797	53,480
Due To/From Other Funds	\$ 233,719	\$ 233,719

The amounts receivable to the General Fund, Hotel and Motel Tax Fund, Water Fund and Sewer Fund from the Insurance and Tort Judgment Fund are for overpayment of charges for services. The amount receivable to the Capital Projects Fund from the General Fund consists of the transfer of one-half of the sales tax increase earmarked for capital projects, net of amounts owed for other capital improvements. The amounts receivable to the Health Insurance Fund from the General Fund, Hotel and Motel Tax Fund, Water Fund and Sewer Fund are for underpayment of charges for services.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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, 2018:

Due between primary government and component units

Fund	Receivable	Payable
Primary Government:		
Governmental Fund:		
General Fund	\$ 16,214	\$ 70,416
Proprietary Funds:		
Internal Service Funds:		
Health Insurance Fund	1,696	-
Insurance and Tort Judgment Fund	-	250
Total Internal Service Funds	1,696	250
Total Primary Government	17,910	70,666
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	250	17,910
Fiduciary Component Units:		
Mattoon Firefighters Pension Fund	35,208	-
Mattoon Police Pension Fund	35,208	-
Total Fiduciary Component Units	70,416	-
Total Component Units	70,666	17,910
Due between primary government and component units	\$ 88,576	\$ 88,576

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	\$ 38,708	\$ -
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	-	38,708
Advance between primary government and component units	\$ 38,708	\$ 38,708

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, 2018

6 CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018, was as follows:

	Balance April 30, 2017	Additions	Deletions	Balance April 30, 2018
Primary government:				
Government activities:				
Capital assets not being depreciated:				
Land	\$ 3,249,149	\$ 125,000	\$ -	\$ 3,374,149
Construction in progress	2,677,269	2,031,339	1,228,855	3,479,753
Total capital assets not being depreciated	<u>5,926,418</u>	<u>2,156,339</u>	<u>1,228,855</u>	<u>6,853,902</u>
Capital assets being depreciated:				
Building and improvements	10,448,362	159,138	-	10,607,500
Less: Accumulated depreciation	<u>(3,601,782)</u>	<u>(229,021)</u>	<u>-</u>	<u>(3,830,803)</u>
Buildings and improvements, net	<u>6,846,580</u>	<u>(69,883)</u>	<u>-</u>	<u>6,776,697</u>
Infrastructure	60,947,866	274,852	-	61,222,718
Less: Accumulated depreciation	<u>(50,175,869)</u>	<u>(561,966)</u>	<u>-</u>	<u>(50,737,835)</u>
Infrastructure, net	<u>10,771,997</u>	<u>(287,114)</u>	<u>-</u>	<u>10,484,883</u>
Improvements other than building	5,138,218	988,309	-	6,126,527
Less: Accumulated depreciation	<u>(776,016)</u>	<u>(252,036)</u>	<u>-</u>	<u>(1,028,052)</u>
Improvements other than building, net	<u>4,362,202</u>	<u>736,273</u>	<u>-</u>	<u>5,098,475</u>
Equipment, furniture and vehicles	6,170,352	825,738	302,186	6,693,904
Less: Accumulated depreciation	<u>(5,701,514)</u>	<u>(275,030)</u>	<u>(297,277)</u>	<u>(5,679,267)</u>
Equipment, furniture and vehicles, net	<u>468,838</u>	<u>550,708</u>	<u>4,909</u>	<u>1,014,637</u>
Total capital assets being depreciated, net	<u>22,449,617</u>	<u>929,984</u>	<u>4,909</u>	<u>23,374,692</u>
Total governmental activities, capital assets, net	<u>\$ 28,376,035</u>	<u>\$ 3,086,323</u>	<u>\$ 1,233,764</u>	<u>\$ 30,228,594</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

6 CAPITAL ASSETS (Continued)

Capital asset activity for the year ended April 30, 2018, was as follows: (continued)

	Balance April 30, 2017	Additions	Deletions	Balance April 30, 2018
Primary government (continued):				
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 587,155	\$ -	\$ -	\$ 587,155
Construction in progress	7,635,085	589,553	71,032	\$ 8,153,606
	8,222,240	589,553	71,032	8,740,761
Total capital assets not being depreciated				
Capital assets being depreciated:				
Building and improvements	13,250,379	-	-	13,250,379
Less: Accumulated depreciation	(5,862,585)	(229,902)	-	(6,092,487)
Buildings and improvements, net	7,387,794	(229,902)	-	7,157,892
Improvements other than building	304,252	-	-	304,252
Less: Accumulated depreciation	(167,240)	(5,958)	-	(173,198)
Improvements other than building, net	137,012	(5,958)	-	131,054
Treatment, collection, and distribution systems	51,662,498	97,560	-	51,760,058
Less: Accumulated depreciation	(28,724,214)	(963,960)	-	(29,688,174)
Treatment, collection, and distribution systems, net	22,938,284	(866,400)	-	22,071,884
Equipment, furniture and vehicles	4,338,951	144,996	70,328	4,413,619
Less: Accumulated depreciation	(3,230,780)	(275,517)	(70,328)	(3,435,969)
Equipment, furniture and vehicles, net	1,108,171	(130,521)	-	977,650
Total capital assets being depreciated, net	31,571,261	(1,232,781)	-	30,338,480
Total business-type activities, capital assets, net	\$ 39,793,501	\$ (643,228)	\$ 71,032	\$ 39,079,241

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

6 CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 208,701
Public safety	257,300
Public works	768,745
Culture and recreation	76,264
Health and welfare	7,043
	<u>1,318,053</u>
Governmental activities, depreciation expense	<u>\$ 1,318,053</u>

Business-type activities:

Water	\$ 684,345
Sewer	790,992
	<u>1,475,337</u>
Business-type activities, depreciation expense	<u>\$ 1,475,337</u>

Analysis of changes in component unit capital assets:

	Balance		Balance
Component unit (Mattoon Public Library):	April 30, 2017	Additions	Deletions
Governmental activities:	<u>April 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>
Capital assets being depreciated:			
Building and improvements	\$ 2,931,484	\$ -	\$ -
Less: Accumulated depreciation	(1,161,688)	(58,630)	-
Buildings and improvements, net	<u>1,769,796</u>	<u>(58,630)</u>	<u>-</u>
Equipment, furniture and vehicles	137,262	-	137,262
Less: Accumulated depreciation	(120,602)	(10,995)	-
Equipment, furniture and vehicles, net	<u>16,660</u>	<u>(10,995)</u>	<u>-</u>
Component unit, capital assets, net	<u>\$ 1,786,456</u>	<u>\$ (69,625)</u>	<u>\$ -</u>
	<u>\$ 1,786,456</u>	<u>\$ (69,625)</u>	<u>\$ -</u>

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

Governmental activities:	
Mattoon Public Library	<u>\$ 69,625</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

7 CONSTRUCTION IN PROGRESS

The City has active construction projects in progress as of April 30, 2018. The projects include construction of the public works building, CSO piping project, a new WTP clearwell storage tank in addition to improving the existing clearwell storage tank, replacing intake screens at the wastewater treatment plant, upgrade of the WTP software, and various street improvements. At April 30, 2018, the City's construction in progress is as follows:

Project:	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Primary government:		
Governmental activities:		
Public works building	\$ 3,143,273	\$ 166,000
21st & Broadway Parking	134,118	194,587
IL-16//Dettro Dr. design	99,573	3,300
Sarah Bush Bike Trail Connect	8,075	26,925
Marshall Avenue design & construction- phase 2	<u>94,714</u>	<u>348,671</u>
Total governmental activities	<u>\$ 3,479,753</u>	<u>\$ 739,483</u>
Business-type activities:		
CSO/long term control plan	\$ 7,963,017	\$ 13,145,000
WWTP screen replacements	100,665	559,000
WTP SCADA updates	28,980	224,000
WTP Clearwell	<u>60,944</u>	<u>2,300,000</u>
Total business-type activities	<u>\$ 8,153,606</u>	<u>\$ 16,228,000</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, 2017	\$ 39,473
Less: cost of crypts sold	<u>-</u>
Mausoleum carrying value, April 30, 2018	39,473
Land held for future expansion, estimated carrying value, April 30, 2018	<u>21,179</u>
Total	<u>\$ 60,652</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

9 DEFERRED OUTFLOWS AND INFLOWS - DEBT REFUNDINGS

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 \$63,824. For business-type activities, deferred outflows of resources consists of advance refunding of debt charges with an original amount of \$137,909 that was fully amortized during the year. Amortization of advance refunding of debt charges for the year ended April 30, 2018, was \$4,787 for governmental activities and \$7,072 for business-type activities.

For governmental activities, deferred inflows of resources consists of current refundings of unamortized bond premiums with an original amount of \$93,555 and \$19,568 for the 2017A / 2017B refundings and 2014 refunding, respectively. As of April 30, 2018, the accumulated amortization on these refundings totaled \$42,995 and \$8,240, respectively. Amortization of current refunding of unamortized bond premiums for the year ended April 30, 2018, was \$6,837 for governmental activities.

10 RESTRICTED ASSETS

The General Fund has restricted cash and investments for mausoleums and cemetery perpetual care and police DUI and seizures. 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 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.

12 GENERAL OBLIGATION BONDS

On November 1, 2017, the City issued \$7,245,000 in General Obligation Bonds with an average interest rate of 2.67% to current refund \$7,125,000 of outstanding 2009A / 2009B Series bonds with an average interest rate of 4.62%. The net proceeds of \$7,132,425 (after payment of \$112,575 in underwriting fees, insurance, and other issue costs) were used to pay off the 2009A / 2009B Series bonds.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

12 GENERAL OBLIGATION BONDS (Continued)

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$52,948. This difference is being charged to operations through the original expiration date of the refunded debt using the effective-interest method. The City completed the current refunding to reduce its total debt service payments over the next 11 years by \$815,195 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$709,412.

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 2017A	December 2028	2.21%	\$ 4,260,000
Series 2017B (Taxable)	December 2028	3.31%	2,985,000
Governmental activities - refunding:			
Series 2014 Refunding Bonds	December 2018	2.00%	<u>175,000</u>
Total governmental activities bonds			<u><u>\$ 7,420,000</u></u>
		<u>Interest Rates</u>	<u>Amount</u>
Business-type activities - refunding:			
Series 2014 Refunding Bonds	December 2019	2.00%	\$ 980,000
Series 2014 Refunding Bonds	December 2023	2.00% - 3.00%	<u>3,000,000</u>
Total business-type activities bonds			<u><u>\$ 3,980,000</u></u>

The General Fund services all of the general obligation bonds for governmental activities, except for the Series 2017A and 2017B bonds. The Capital Projects Fund services the Series 2017A general obligation bonds, while the Broadway East Business District Fund services the Series 2017B 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>
2019	\$ 700,000	\$ 212,529	\$ 1,005,000	\$ 99,100
2020	550,000	179,092	1,025,000	79,000
2021	580,000	164,517	540,000	58,500
2022	605,000	149,114	555,000	42,300
2023	630,000	133,049	570,000	25,650
2024-2028	3,560,000	399,089	285,000	8,550
2029-2033	<u>795,000</u>	<u>21,255</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 7,420,000</u></u>	<u><u>\$ 1,258,645</u></u>	<u><u>\$ 3,980,000</u></u>	<u><u>\$ 313,100</u></u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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, 2018, were as follows:

Years Ending April 30,	Governmental Activities
2019	\$ 64,452
2020	64,452
2021	64,452
2022	46,433
	239,789
Total minimum lease payments	239,789
Less: amount representing interest	(17,857)
	\$ 221,932

14 NOTES PAYABLE

The City has issued various notes as follows:

Governmental activities:

	Maturity Date	Interest Rates	Amount
First Mid 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%	\$ 266,870
First Mid Bank & Trust note, serviced by the South Rt 45 TIF Fund, proceeds used to fund business development along South Rt 45	November 2029	4.875%	517,150
Total governmental activities notes			\$ 784,020

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

14 NOTES PAYABLE (Continued)

Business-type activities:

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
First Mid Bank & Trust note, serviced by the Water Fund, proceeds used to fund early retirement incentives and energy efficient improvements	December 2020	2.490%	\$ 215,078
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for sewer system improvements.	August 2036	1.860%	5,810,601
First Mid Bank & Trust note, serviced by the Sewer Fund, proceeds used to fund early retirement incentives and energy efficient improvements	December 2020	2.490%	<u>170,498</u>
Total business-type activities notes			<u><u>\$ 6,196,177</u></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>
2019	\$ 119,196	\$ 31,816	\$ 391,196	\$ 116,448
2020	122,937	28,075	399,285	108,359
2021	126,742	24,269	407,536	100,108
2022	37,388	20,198	280,997	91,665
2023	39,211	18,375	286,248	86,414
2024-2028	226,616	61,315	1,513,501	349,810
2029-2033	111,930	8,304	1,660,295	203,015
2034-2037	-	-	1,257,119	47,198
Total	<u>\$ 784,020</u>	<u>\$ 192,352</u>	<u>\$ 6,196,177</u>	<u>\$ 1,103,017</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

15 CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the primary government for the year ended April 30, 2018, was as follows:

	Balance April 30, 2017	Additions	Reductions	Balance April 30, 2018	Due Within One Year
Primary government:					
Governmental activities:					
General obligation bonds	\$ 7,935,000	\$ 7,245,000	\$ 7,760,000	\$ 7,420,000	\$ 700,000
Capital leases	276,987	-	55,055	221,932	57,084
Notes payable	954,659	-	170,639	784,020	119,196
Compensated absences	1,070,967	-	64,803	1,006,164	201,233
Net pension liability - IMRF	1,240,403	-	1,240,403	-	-
Net pension liability - police pension fund	34,806,152	-	1,493,126	33,313,026	-
Net pension liability - firefighters' pension fund	35,418,101	830,249	-	36,248,350	-
Post-employment healthcare benefits	8,045,966	1,078,877	-	9,124,843	-
Governmental activities, long-term liabilities	<u>\$ 89,748,235</u>	<u>\$ 9,154,126</u>	<u>\$ 10,784,026</u>	<u>\$ 88,118,335</u>	<u>\$ 1,077,513</u>
Business-type activities:					
General obligation bonds	\$ 5,355,000	\$ -	\$ 1,375,000	\$ 3,980,000	\$ 1,005,000
Add amounts: For issuance premiums	177,035	-	28,314	148,721	-
Total general obligation bonds	5,532,035	-	1,403,314	4,128,721	1,005,000
Notes payable	5,959,636	626,194	389,653	6,196,177	391,196
Compensated absences	257,082	7,161	-	264,243	52,849
Net pension liability - IMRF	1,340,007	-	1,340,007	-	-
Post-employment healthcare benefits	2,190,023	381,806	-	2,571,829	-
Business-type activities, long-term liabilities	<u>\$ 15,278,783</u>	<u>\$ 1,015,161</u>	<u>\$ 3,132,974</u>	<u>\$ 13,160,970</u>	<u>\$ 1,449,045</u>
Component unit (Mattoon Public Library):					
Governmental activities:					
Notes payable	\$ 50,000	\$ -	\$ 5,000	\$ 45,000	\$ 5,000
Compensated absences	14,925	2,817	-	17,742	3,548
Component unit, long-term liabilities	<u>\$ 64,925</u>	<u>\$ 2,817</u>	<u>\$ 5,000</u>	<u>\$ 62,742</u>	<u>\$ 8,548</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

16 DEFERRED INFLOWS OF RESOURCES

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

	General Fund	Broadway East Business District Fund	Other Governmental Funds
Property taxes	\$ 4,468,000	\$ -	\$ 969,538
Sales and other related taxes	568,402	22,278	27,861
Grant revenue	3,324	-	2,327
Settlement	32,000	-	-
Service revenue	140,626	-	-
Totals	<u>\$ 5,212,352</u>	<u>\$ 22,278</u>	<u>\$ 999,726</u>

17 TAXES

Tax revenues during the year ended April 30, 2018, were as follows:

	General Fund	Broadway East Business District Fund	Other Governmental Funds
Property taxes	\$ 4,239,841	\$ -	\$ -
TIF property tax increment	-	-	877,249
Telecommunication taxes	663,779	-	-
Utility taxes	1,429,317	-	-
Business district taxes	-	276,375	32,956
Road and bridge taxes	155,191	-	-
Hotel taxes	-	-	350,016
Cable TV franchise taxes	193,230	-	-
Gas and electric franchise taxes	190,881	-	-
Totals	<u>\$ 6,872,239</u>	<u>\$ 276,375</u>	<u>\$ 1,260,221</u>

18 INTERGOVERNMENTAL REVENUES

Intergovernmental revenues during the year ended April 30, 2018, were as follows:

	General Fund	Other Governmental Funds
Income and use taxes	\$ 2,542,709	\$ -
Sales taxes	6,257,568	-
Personal property replacement taxes	476,408	-
Video gaming tax	352,082	-
Pull tabs and jar games tax	3,698	-
Motor fuel taxes	-	471,680
Foreign fire insurance taxes	38,934	-
Grants and contributions	411,813	129,486
Totals	<u>\$ 10,083,212</u>	<u>\$ 601,166</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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

	For Tax Levy Year		
	2017	2016	2015
Assessed valuation	\$ 197,171,994	\$ 197,365,815	\$ 192,469,579
Rate per \$100, excluding road and bridge rate	2.19838	2.13233	2.14922
Taxes extended, excluding road and bridge taxes	4,334,590	4,208,490	4,136,595
Add: City's share of road and bridge taxes extended	158,772	155,719	152,978
Total taxes extended	<u>\$ 4,493,362</u>	<u>\$ 4,364,209</u>	<u>\$ 4,289,573</u>
Taxes available to City after abatements and losses in collection (2017 estimated)	<u>\$ 4,468,000</u>	<u>\$ 4,347,093</u>	<u>\$ 4,272,385</u>
Percentage of extension available to City (2017 estimated)	<u>99.44%</u>	<u>99.61%</u>	<u>99.60%</u>

	For Tax Levy Year		
	2017	2016	2015
Distribution of taxes available (2017 estimated):			
General fund:			
General government	\$ 212,000	\$ 36,151	\$ 578,819
Fire protection	127,000	294,884	287,541
Police protection	127,000	294,884	287,541
Street, including road & bridge	158,000	155,191	152,471
Park	63,000	147,442	143,769
Mattoon Public Library	455,000	452,142	440,897
Firefighters pension fund	1,771,000	1,577,974	1,238,586
Police Pension Fund	1,555,000	1,388,425	1,142,761
	<u>\$ 4,468,000</u>	<u>\$ 4,347,093</u>	<u>\$ 4,272,385</u>

The City Council has abated the 2015, 2016, and 2017 property tax levies applicable to all outstanding general obligation bonds since alternative revenue sources are expected to sufficient enough to pay debt service obligations.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

20 SCHEDULE OF OPERATING TRANSFERS WITHIN THE REPORTING ENTITY

Operating transfers between funds during the year ended April 30, 2018, were as follows:

Transfers In	Transfers Out	Amount
South Rt. 45 TIF District Fund	South Rt. 45 Business District Fund	\$ 40,000
Capital Projects Fund	General Fund	729,515
	Total	\$ 769,515

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.

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, 2018

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, 2017, the following employees were covered by the benefit terms:

	Participants
Retirees and Beneficiaries currently receiving benefits	139
Inactive Plan Members entitled to but not yet receiving benefits	25
Active Plan Members	70
Total	234

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 2017 was 11.30%. For the fiscal year ended April 30, 2018, the City contributed \$430,082 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, 2017. 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, 2017:

- 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 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% 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, 2018

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%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 35,566,146	\$ 32,985,736	\$ 2,580,410
Changes for the year:			
Service Cost	405,661	-	405,661
Interest on the Total Pension Liability	2,609,594	-	2,609,594
Differences Between Expected and Actual Experience of the Total Pension Liability	(21,604)	-	(21,604)
Changes of Assumptions	(1,095,722)	-	(1,095,722)
Contributions - Employer	-	423,678	(423,678)
Contributions - Employees	-	175,306	(175,306)
Net Investment Income	-	6,026,157	(6,026,157)
Benefit Payments, including Refunds of Employee Contributions	(1,948,768)	(1,948,768)	-
Other (Net Transfer)	-	(695,174)	695,174
Net Changes	(50,839)	3,981,199	(4,032,038)
Balances at December 31, 2017	<u>\$ 35,515,307</u>	<u>\$ 36,966,935</u>	<u>\$ (1,451,628)</u>

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%, as well as what the plan's net pension liability would be if it was 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)	\$ 2,810,528	\$ (1,451,628)	\$ (4,991,607)

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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, 2018, the City recognized pension expense of \$529,420. At April 30, 2018, 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	\$ 11,953	\$ 63,321
Changes in assumptions	5,744	758,099
Net difference between projected and actual earnings on pension plan investments	996,881	2,903,130
Total deferred amounts to be recognized in pension expense in future periods	1,014,578	3,724,550
Pension contributions made subsequent to the measurement date	133,353	-
Total deferred amounts related to pensions	\$ 1,147,931	\$ 3,724,550

\$133,353 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, 2019.

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
2018	\$ -	\$ 667,161
2019	-	622,294
2020	-	694,736
2021	-	725,781
2022	-	-
Thereafter	-	-
Total	\$ -	\$ 2,709,972

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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 - As of the Actuarial Valuation Date, 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, 2018

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, 2018

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, 2018, the City's contribution was 64.4% of covered Police payroll and 90.6% 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 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 are listed in the table below.

Asset Class	Long-Term Expected Real Rate of Return	
	Police	Firefighters
Cash Alternatives	0.00%	0.00%
Short-term tax-exempt fixed income	0.10%	-0.40%
Intermediate tax-exempt fixed income	0.70%	0.10%
Long-term tax-exempt fixed income	1.30%	0.50%
Public Real Estate	N/A	6.20%
Private Real Estate	N/A	6.30%
U.S. Large Cap Equities	6.40%	6.40%

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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

INVESTMENTS (Continued)

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

Rate of Return -- For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.99% and 8.00% 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 Actuarial Valuation Date for reporting in the fiscal 2018 financial statements under GASB Statement 67 and 68 is April 30, 2017 (May 1, 2017). The Measurement Date used for the same reporting is April 30, 2018. The Total Pension Liability has been rolled forward from the Actuarial Valuation Date to the Measurement Date using standard actuarial procedures. The following actuarial methods and assumptions were made.

	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	5.56%	5.62%
Long Term Expected Rate of return on plan assets	6.75%	6.75%
High Quality 20 year tax-exempt G.O. Bond rate	3.97%	3.97%
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 3.82% to 3.97%. 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, 2018

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

DISCOUNT RATE

The single discount rate used to measure the total pension liability was 5.56% for the Police Pension Fund and 5.62% for the Firefighters' Pension Fund in the current year. In the prior year, the discount rate used to measure the total pension liability was 5.31% for the Police Pension Fund and 5.68% 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 3.97%, and the resulting single discount rate is 5.56% for the Police Pension Fund and 5.62% 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 5.56% and 5.62%, 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 4.56%</u>	<u>Current Discount Rate - 5.56%</u>	<u>1% Increase 6.56%</u>
Police Pension Fund	\$ 41,348,369	\$ 33,313,026	\$ 26,853,097

<u>Employer Net Pension Liability</u>	<u>1% Decrease 4.62%</u>	<u>Current Discount Rate - 5.62%</u>	<u>1% Increase 6.62%</u>
Firefighters' Pension Fund	\$ 43,695,440	\$ 36,248,350	\$ 30,182,585

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, 2018

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

PENSION LIABILITY

Changes in the Net Pension Liability:

	Police Pension Fund		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at April 30, 2017	\$ 52,091,671	\$ 17,285,519	\$ 34,806,152
Changes for the year:			
Service cost	1,003,042	-	1,003,042
Interest	2,709,658	-	2,709,658
Differences between expected and actual experience	12,122	-	12,122
Assumptions changes	(1,843,857)	-	(1,843,857)
Contributions - employer	-	1,639,440	(1,639,440)
Contributions - employee	-	253,608	(253,608)
Net investment income	-	1,545,172	(1,545,172)
Benefit payments, including refunds	(2,124,673)	(2,124,673)	-
Administrative expense	-	(64,129)	64,129
Net changes	(243,708)	1,249,418	(1,493,126)
Balances at April 30, 2018	\$ 51,847,963	\$ 18,534,937	\$ 33,313,026

	Firefighters' Pension Fund		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at April 30, 2017	\$ 50,928,258	\$ 15,510,157	\$ 35,418,101
Changes for the year:			
Service cost	753,373	-	753,373
Interest	2,820,446	-	2,820,446
Differences between expected and actual experience	79,060	-	79,060
Assumptions changes	399,338	-	399,338
Contributions - employer	-	1,829,282	(1,829,282)
Contributions - employee	-	200,317	(200,317)
Net investment income	-	1,210,206	(1,210,206)
Benefit payments, including refunds	(2,545,025)	(2,545,025)	-
Administrative expense	-	(17,837)	17,837
Net changes	1,507,192	676,943	830,249
Balances at April 30, 2018	\$ 52,435,450	\$ 16,187,100	\$ 36,248,350

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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, 2018, the City recognized pension expense of \$4,225,426 for the Police Pension fund and \$3,320,272 for the Firefighters' Pension Fund. At April 30, 2018, the City reported deferred outflows of 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	\$ 437,791	\$ -
Changes of assumptions	5,219,392	2,464,294
Net difference between projected and actual Earnings on pension plan investments	740,113	663,378
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 6,397,296</u>	<u>\$ 3,127,672</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:	
2019	\$ 1,858,995
2020	1,858,994
2021	298,544
2022	(547,739)
2023	(199,170)
Thereafter	-
	<u>\$ 3,269,624</u>

	Firefighters' Pension Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 700,013	\$ -
Changes of assumptions	1,441,323	838,876
Net difference between projected and actual earnings on pension plan investments	718,032	492,823
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 2,859,368</u>	<u>\$ 1,331,699</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

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:		
2019	\$	957,871
2020		711,888
2021		(183,900)
2022		41,810
2023		-
Thereafter		-
		<hr/>
	\$	<u>1,527,669</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 2018, the City contributed \$1,445,452 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 \$143 per month for those with no dependents or \$309 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 \$250 per month for those with no dependents or \$540 per month for those with dependents, 37.5% 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, 2018

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	\$ 3,065,877
Interest on net OPEB Obligation	409,439
Adjustment to annual required contribution	(569,181)
Annual OPEB cost (expense)	2,906,135
Contributions made	(1,445,452)
Increase in net OPEB obligation	1,460,683
Net OPEB obligation - beginning of year	10,235,989
Net OPEB obligation - end of year	\$ 11,696,672

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
2018	\$ 2,906,135	49.70%	\$ 11,696,672
2017	2,257,468	51.20%	10,235,989
2016	2,274,082	46.90%	9,134,773

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

23 POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued)

FUNDED STATUS AND FUNDING PROGRESS

As of April 30, 2018, the actuarial accrued liability for benefits was \$44,988,276. The covered payroll was approximately \$7,337,141, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 613.16%. 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	4.00%
Salary Progression	3.50%
Claim Costs:	
Single Coverage	\$905
Family Coverage	\$1,309
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	37.5% of cost
Hired after April 30, 2007	100% of cost
Mortality Rate	RP2000 Blue Collar table projected to 2018 using scale AA for Police and Fire; for all others the RP2014 table base rates projected to 2018 using scale MP2017.
Retirement, Withdrawal, and Disability Rates	Age-related tables with varying rates

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

23 POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Actuarial Methods	Post-Employment Health Care Benefits	
Participation	90% of employees hired prior to May 1, 2007, that are currently enrolled	
	50% of employees hired after April 30, 2007, that are currently enrolled	
Spouse Information	50% employees assumed to have participating spouses Females assumed to be 3 years younger than males	
Health Care Cost Inflation Rates	Period	Rate
	2018	8%
	2019	7.5%
	2020	7%
	2021 and after	4.0% - 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, 2018, the contribution for active employees was \$143 per month for those with no dependents or \$309 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, 2018

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 257 employees, former employees, and retirees participating in the group health plan. Of this number, 116 were active employees and 141 were retirees or former employees. 70 of the participants had single coverage, 186 had family coverage, and 1 had COBRA coverage.

The health plan is funded on a pay-as-you-go basis. The City incurred health plan claims expenditures of \$2,973,149 in the fiscal year that ended April 30, 2018, which includes \$136,955 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, but providers must accept Medicare. At April 30, 2018, the City had 69 retirees and 46 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 ¹	\$3 million each accident \$3 million each employee \$3 million policy limit	1/1/2019
Property & Casualty	Federal ²	Replacement Cost \$82,667,952 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	12/1/2018
General Liability ³	Lloyd's London	\$1 million each occurrence \$3 million aggregate	12/1/2018
Flood	American ⁴	\$500,000 Blower Building Structure \$416,700 Blower Building Contents \$176,400 Pump Station Building \$256,300 Pump Station Contents \$25,000 deductible	12/1/2018

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended April 30, 2018

25 INSURANCE (Continued)

Volunteers	Federal ²	\$100,000 each occurrence	12/1/2018
Fiduciary Liability	Federal ²	\$500,000 per claim \$500,000 in the aggregate	12/1/2018
Public Officials Liability	Lloyd's London	\$1 million each occurrence \$3 million aggregate \$5,000 deductible	12/1/2018
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	12/1/2018
Automobile Physical Damage	Lloyd's London	Actual cash value \$1,000 deductible	12/1/2018
Automobile Liability	Lloyd's London	\$1 million	12/1/2018
Law Enforcement Liability	Lloyd's London	\$1 million each occurrence \$3 million aggregate \$5,000 deductible	12/1/2018
Crime	Hanover ⁵	Limit - \$500,000	12/1/2018
Inland Marine	Federal ²	\$2,869,782 \$2,500 deductible	12/1/2018
Umbrella Liability ⁶	Lloyd's London	\$10 million each occurrence \$10 million aggregate	12/1/2018

¹ Illinois Public Risk Fund.

² Federal Insurance Company.

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

⁴ American Banker's Insurance Company of Florida.

⁵ Hanover Insurance Company.

⁶ 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, 2018

26 CONTINGENCIES

At April 30, 2018, 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 TAX ABATEMENT

The City of Mattoon enters into property tax abatement agreements with local businesses within the Coles County Enterprise Zone under the Illinois Enterprise Zone Act of 1982. Under the Act, taxing districts may order the county clerk to abate any portion of its taxes on real property, or on any particular class thereof, located within a zone and upon which new improvements have been constructed or upon which existing improvements have been renovated or rehabilitated. The abatement applies only to taxes on the increase in assessed value attributable to the new construction, renovation or rehabilitation. Taxes based on the assessed value of the land and existing improvements continue to be extended and collected. Abatements are obtained through application, and equal 100 percent of the increase in tax above the property base value for ten years for industrial projects. This abatement period shall not extend beyond the "life" of the Enterprise Zone, which currently expires in 2020.

For the fiscal year ended April 30, 2018, the City abated property taxes totaling \$71,049.

28 RELATED PARTY TRANSACTIONS

The City of Mattoon services a \$2,000,000 loan that was issued December 16, 2010, to fund early retirement incentives and energy efficient improvements throughout the City's buildings. The loan is serviced by the primary government. The Mattoon Public Library, a discretely presented component unit, had an employee retire using the early retirement incentive and received various energy efficient improvements that were paid for from the proceeds of the loan. Therefore, the Library reports an amount due to the General Fund for the cost of these items, minus grants received to help cover the cost. The Library makes monthly payments to the General Fund to reimburse the amount owed plus the interest on the note proceeds used for the Library. At April 30, 2018, the balance due to the General Fund from the Library for this transaction was \$38,708.

29 FUTURE FINANCIAL STATEMENT PRESENTATION CHANGES

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.

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

Calendar Year 2017

Total Pension Liability (Asset):	2017	2016	2015
Service Cost	\$ 405,661	\$ 430,604	\$ 415,804
Interest on the Total Pension Liability	2,609,594	2,545,607	2,459,375
Differences Between Expected and Actual			
Experience of the Total Pension Liability	(21,604)	(201,004)	163,267
Changes of Assumptions	(1,095,722)	(82,309)	82,262
Benefit Payments, including Refunds of			
Employee Contributions	(1,948,768)	(1,886,904)	(1,888,639)
Net Change in Total Pension Liability	(50,839)	805,994	1,232,069
Total Pension Liability - Beginning	35,566,146	34,760,152	33,528,083
Total Pension Liability - Ending (A)	35,515,307	35,566,146	34,760,152
Plan Fiduciary Net Position:			
Contributions - Employer	423,678	428,047	463,997
Contributions - Employees	175,306	166,483	176,649
Net Investment Income	6,026,157	2,195,532	162,020
Benefit Payments, including Refunds of			
Employee Contributions	(1,948,768)	(1,886,904)	(1,888,639)
Other (Net Transfer)	(695,174)	256,857	(116,329)
Net Change in Plan Fiduciary Net Position	3,981,199	1,160,015	(1,202,302)
Plan Fiduciary Net Position - Beginning	32,985,736	31,825,721	33,028,023
Plan Fiduciary Net Position - Ending (B)	36,966,935	32,985,736	31,825,721
Net Pension Liability (Asset) - Ending (A) - (B)	\$ (1,451,628)	\$ 2,580,410	\$ 2,934,431
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.09%	92.74%	91.56%
Covered Payroll	\$ 3,749,372	\$ 3,699,627	\$ 3,925,524
Net Pension Liability (Asset) as a Percentage of Covered Valuation Payroll	-38.72%	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

Calendar Year 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
2015	\$ 463,997	\$ 463,997	\$ -	\$ 3,925,524	11.82%
2016	428,047	428,047	-	3,699,627	11.57%
2017	423,679	423,678	1	3,749,372	11.30%

Notes to Required Supplementary Information:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
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): 26-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
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. 2017 contribution rates were based on valuation assumptions used in the December 31, 2015 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, 2018

	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 1,003,042	\$ 952,466	\$ 819,041	\$ 570,535
Interest	2,709,658	2,696,963	1,966,213	2,473,846
Differences between expected and actual experience	12,122	154,740	726,953	-
Assumption changes	(1,843,857)	(1,474,935)	11,558,737	-
Benefit payments, including refunds	<u>(2,124,673)</u>	<u>(2,055,641)</u>	<u>(1,984,166)</u>	<u>(1,925,291)</u>
Net Change in Total Pension Liability	(243,708)	273,593	13,086,778	1,119,090
Total Pension Liability - Beginning	<u>52,091,671</u>	<u>51,818,078</u>	<u>38,731,300</u>	<u>37,612,210</u>
Total Pension Liability - Ending (A)	<u>51,847,963</u>	<u>52,091,671</u>	<u>51,818,078</u>	<u>38,731,300</u>
Plan Fiduciary Net Position				
Contributions - Employer	1,639,440	1,437,453	1,403,051	1,422,547
Contributions - Member	253,608	249,841	253,098	227,982
Net Investment Income	1,545,172	1,656,958	(715,510)	956,536
Benefit Payments and Refunds	(2,124,673)	(2,055,641)	(1,984,166)	(1,925,291)
Administrative Expense	<u>(64,129)</u>	<u>(53,591)</u>	<u>(51,834)</u>	<u>(56,136)</u>
Net Change in Plan Fiduciary Net Position	1,249,418	1,235,020	(1,095,361)	625,638
Plan Fiduciary Net Position - Beginning	<u>17,285,519</u>	<u>16,050,499</u>	<u>17,145,860</u>	<u>16,520,222</u>
Plan Fiduciary Net Position - Ending (B)	<u>18,534,937</u>	<u>17,285,519</u>	<u>16,050,499</u>	<u>17,145,860</u>
Employer Net Pension Liability - Ending (A) - (B)	<u>\$ 33,313,026</u>	<u>\$ 34,806,152</u>	<u>\$ 35,767,579</u>	<u>\$ 21,585,440</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.75%	33.18%	30.97%	44.27%
Covered-Employee Payroll	\$ 2,545,391	\$ 2,763,389	\$ 2,481,680	\$ 2,339,454
Employer Net Pension Liability as a Percentage of Covered-Employee Payroll	1308.76%	1259.55%	1441.26%	922.67%
Annual money-weighted rate of return, net of investment expense	9.99%	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, 2018

	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 753,373	\$ 712,881	\$ 672,938	\$ 714,453
Interest	2,820,446	2,806,228	2,455,405	2,375,442
Differences between expected and actual experience	79,060	634,737	741,876	-
Changes in assumptions	399,338	(1,442,384)	3,111,763	-
Benefit payments, including refunds	<u>(2,545,025)</u>	<u>(2,377,256)</u>	<u>(2,225,941)</u>	<u>(2,158,444)</u>
Net Change in Total Pension Liability	1,507,192	334,206	4,756,041	931,451
Total Pension Liability - Beginning	<u>50,928,258</u>	<u>50,594,052</u>	<u>45,838,011</u>	<u>44,906,560</u>
Total Pension Liability - Ending (A)	<u>52,435,450</u>	<u>50,928,258</u>	<u>50,594,052</u>	<u>45,838,011</u>
Plan Fiduciary Net Position				
Contributions - Employer	1,829,282	1,533,379	1,367,692	1,356,510
Contributions - Member	200,317	204,327	202,743	202,721
Net Investment Income	1,210,206	1,544,569	(735,261)	623,230
Benefit Payments and Refunds	(2,545,025)	(2,377,256)	(2,225,941)	(2,158,444)
Administrative Expense	<u>(17,837)</u>	<u>(18,475)</u>	<u>(28,896)</u>	<u>(16,823)</u>
Net Change in Plan Fiduciary Net Position	676,943	886,544	(1,419,663)	7,194
Plan Fiduciary Net Position - Beginning	<u>15,510,157</u>	<u>14,623,613</u>	<u>16,043,276</u>	<u>16,036,082</u>
Plan Fiduciary Net Position - Ending (B)	<u>16,187,100</u>	<u>15,510,157</u>	<u>14,623,613</u>	<u>16,043,276</u>
Employer Net Pension Liability - Ending (A) - (B)	<u>\$ 36,248,350</u>	<u>\$ 35,418,101</u>	<u>\$ 35,970,439</u>	<u>\$ 29,794,735</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.87%	30.45%	28.90%	35.00%
Covered-Employee Payroll	\$ 2,019,165	\$ 2,450,182	\$ 2,119,559	\$ 2,053,279
Employer Net Pension Liability as a Percentage of Covered-Employee Payroll	1795.21%	1445.53%	1697.07%	1451.08%
Annual money-weighted rate of return, net of investment expense	8.00%	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, 2018

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION

	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,761,222	\$ 1,619,160	\$ 1,641,766	\$ 1,841,839
Contributions in Relation to the Actuarially Determined Contribution	<u>1,639,440</u>	<u>1,437,453</u>	<u>1,403,051</u>	<u>1,422,547</u>
Contribution Deficiency (Excess)	<u>\$ 121,782</u>	<u>\$ 181,707</u>	<u>\$ 238,715</u>	<u>\$ 419,292</u>
Covered-Employee Payroll	\$ 2,545,391	\$ 2,763,389	\$ 2,481,680	\$ 2,339,454
Contributions as a Percentage of Covered-Employee Payroll	64.41%	52.02%	56.54%	60.81%

NOTE: The 2015, 2016, 2017, 2018 actuarially determined contribution (ADC) shown is from the May 1, 2013, 2014, 2015, 2016 actuary's reports completed by Lauterbach and Amen, LLP for the tax levy recommendation for the December, 2013, 2014, 2015, 2016 tax levy, respectively.

SCHEDULE OF EMPLOYER CONTRIBUTIONS - FIREFIGHTERS' PENSION

Actuarially Determined Contribution	\$ 2,131,926	\$ 1,920,452	\$ 1,781,786	\$ 1,488,746
Contributions in Relation to the Actuarially Determined Contribution	<u>1,829,282</u>	<u>1,533,379</u>	<u>1,367,692</u>	<u>1,356,510</u>
Contribution Deficiency (Excess)	<u>\$ 302,644</u>	<u>\$ 387,073</u>	<u>\$ 414,094</u>	<u>\$ 132,236</u>
Covered-Employee Payroll	\$ 2,019,165	\$ 2,450,182	\$ 2,119,559	\$ 2,053,279
Contributions as a Percentage of Covered-Employee Payroll	90.60%	62.58%	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, 2017 and 2018 ADC is from May 1, 2014, 2015 and 2016 actuary's reports completed by Lauterbach and Amen, LLP for the tax levy recommendation for the December, 2014, 2015 and 2016 tax levy, respectively.

Notes to Required Supplementary Information:

	Police	Firefighter
Actuarial Valuation Date	May 1, 2016	May 1, 2016
Actuarial Cost Method	Entry-age normal	Entry-age normal
Amortization Method	Level % of pay - closed amortization period	Level % of pay - closed amortization period
Remaining Amortization Period	100% Funded over 28 years	100% Funded over 22 years
Investment Rate of Return, Net of Investment Plan Expenses, Including Inflation	6.75%	6.75%
Inflation Rate	2.50%	2.50%
Salary Increases	2.50% - 22.43%	3.50% - 12.19%
Asset Valuation Method	5 Year Smoothed Market Value	5 Year Smoothed Market Value
Mortality Rate Assumption	L&A 2016 IL Police Study	L&A 2016 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, 2018

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)
04/30/18	\$ -	\$ 44,988,276	\$44,988,276	0.00%	\$ 7,337,141	613.16%
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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 6,997,959	\$ 6,997,959	\$ 6,872,239	\$ (125,720)
Licenses and permits	212,175	212,175	225,858	13,683
Intergovernmental revenues	10,047,136	10,047,136	10,083,212	36,076
Charges for services	1,496,558	1,496,558	1,323,977	(172,581)
Fines and forfeitures	142,700	142,700	151,087	8,387
Investment income	16,310	16,310	53,278	36,968
Contributions & miscellaneous revenues	289,400	289,400	299,340	9,940
Total revenues	19,202,238	19,202,238	19,008,991	(193,247)
Expenditures:				
Current				
General government	2,616,576	2,616,576	2,077,176	539,400
Public safety	11,979,503	11,979,503	11,601,092	378,411
Public works	1,615,654	1,615,654	1,550,452	65,202
Health and welfare	170,878	170,878	161,065	9,813
Culture and recreation	1,450,530	1,450,530	1,444,892	5,638
Economic development	50,000	50,000	50,000	-
Capital outlay	174,941	325,941	825,738	(499,797)
Debt service				
Principal	394,653	394,653	370,551	24,102
Interest and fiscal charges	16,253	16,253	26,680	(10,427)
Total expenditures	18,468,988	18,619,988	18,107,646	512,342
Excess of revenues over expenditures	733,250	582,250	901,345	319,095
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(750,000)	(750,000)	(729,515)	20,485
Proceeds from sale of assets	10,000	10,000	41,802	31,802
Total other financing sources (uses)	(740,000)	(740,000)	(687,713)	52,287
Net change in fund balance	\$ (6,750)	\$ (157,750)	213,632	\$ 371,382
Fund balance -beginning			6,533,636	
Fund balance - ending			<u>\$ 6,747,268</u>	

See accompanying notes to required supplementary information.

CITY OF MATTOON, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended April 30, 2018

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:

Capital Projects	\$ 4,268,958
Broadway East Business District Fund	2,978,926
Home Rehabilitation Grant Fund	112,049
South Route 45 TIF District Fund	4,534

CITY OF MATTOON, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended April 30, 2018

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, 2018

	General Fund			Festival Management Fund			Totals		
	Budgeted Amounts Original	Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts Original	Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts Original	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:									
Taxes	\$ 6,997,959	\$ 6,872,239	\$ (125,720)	\$ -	\$ -	\$ -	\$ 6,997,959	\$ 6,872,239	\$ (125,720)
Licenses and permits	212,175	225,858	13,683	-	-	-	212,175	225,858	13,683
Intergovernmental revenues	10,047,136	10,083,212	36,076	-	-	-	10,047,136	10,083,212	36,076
Charges for services	1,496,558	1,323,977	(172,581)	-	-	-	1,496,558	1,323,977	(172,581)
Fines and forfeitures	142,700	151,087	8,387	-	-	-	142,700	151,087	8,387
Investment income	16,310	53,278	36,968	-	-	-	16,310	53,278	36,968
Contributions & miscellaneous revenues	166,400	161,666	(4,734)	123,000	137,674	14,674	289,400	299,340	9,940
Total revenues	19,079,238	18,871,317	(207,921)	123,000	137,674	14,674	19,202,238	19,008,991	(193,247)
Expenditures:									
Current									
General government	2,616,576	2,077,176	539,400	-	-	-	2,616,576	2,077,176	539,400
Public safety	11,979,503	11,601,092	378,411	-	-	-	11,979,503	11,601,092	378,411
Public works	1,615,654	1,550,452	65,202	-	-	-	1,615,654	1,550,452	65,202
Health and welfare	170,878	161,065	9,813	-	-	-	170,878	161,065	9,813
Culture and recreation	1,320,780	1,270,472	50,308	129,750	174,420	(44,670)	1,450,530	1,444,892	5,638
Economic development	50,000	50,000	-	-	-	-	50,000	50,000	-
Capital outlay	174,941	825,738	(499,797)	-	-	-	174,941	825,738	(499,797)
Debt service									
Principal	394,653	370,551	24,102	-	-	-	394,653	370,551	24,102
Interest and fiscal charges	16,253	26,680	(10,427)	-	-	-	16,253	26,680	(10,427)
Total expenditures	18,339,238	17,933,226	557,012	129,750	174,420	(44,670)	18,468,988	18,107,646	512,342
Excess of revenues over expenditures	740,000	938,091	349,091	(6,750)	(36,746)	(29,996)	733,250	901,345	319,095
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(750,000)	(729,515)	20,485	-	-	-	(750,000)	(729,515)	20,485
Proceeds from sale of assets	10,000	41,802	31,802	-	-	-	10,000	41,802	31,802
Total other financing sources (uses):	(740,000)	(687,713)	52,287	-	-	-	(740,000)	(687,713)	52,287
Net change in fund balance	\$ -	\$ 250,378	\$ 401,378	\$ (6,750)	\$ (36,746)	\$ (29,996)	\$ (6,750)	\$ 213,632	\$ 371,382
Fund balance - beginning		6,461,837			71,799			6,533,636	
Fund balance - ending		\$ 6,712,215			\$ 35,053			\$ 6,747,268	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 4,000	\$ 4,000	\$ 1,862	\$ (2,138)
Contributions & miscellaneous revenues	53,000	53,000	29,788	(23,212)
Total revenues	<u>57,000</u>	<u>57,000</u>	<u>31,650</u>	<u>(25,350)</u>
Expenditures:				
Current				
General government	-	-	232	(232)
Public safety	93,000	93,000	52,126	40,874
Public works	5,000	5,000	34,442	(29,442)
Culture and recreation	-	-	7,046	(7,046)
Capital outlay	1,959,000	2,074,919	2,095,781	(20,862)
Debt service				
Principal	280,000	280,000	4,475,000	(4,195,000)
Interest and fiscal charges	180,220	180,220	237,470	(57,250)
Total expenditures	<u>2,517,220</u>	<u>2,633,139</u>	<u>6,902,097</u>	<u>(4,268,958)</u>
(Deficiency) of revenues under expenditures	<u>(2,460,220)</u>	<u>(2,576,139)</u>	<u>(6,870,447)</u>	<u>(4,294,308)</u>
Other financing sources:				
Proceeds from refunding bonds	-	-	4,260,000	4,260,000
Transfers in	750,000	750,000	729,515	(20,485)
Total other financing sources	<u>750,000</u>	<u>750,000</u>	<u>4,989,515</u>	<u>4,239,515</u>
Net change in fund balance	<u>\$ (1,710,220)</u>	<u>\$ (1,826,139)</u>	<u>(1,880,932)</u>	<u>\$ (54,793)</u>
Fund balance -beginning			<u>2,620,257</u>	
Fund balance - ending			<u>\$ 739,325</u>	

CITY OF MATTOON, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 BROADWAY EAST BUSINESS DISTRICT FUND

For the Year Ended April 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 269,400	\$ 269,400	\$ 276,375	\$ 6,975
Investment income	650	650	482	(168)
Total revenues	<u>270,050</u>	<u>270,050</u>	<u>276,857</u>	<u>6,807</u>
Expenditures:				
Current				
Economic development	36,000	36,000	35,606	394
Debt service				
Principal	180,000	180,000	3,110,000	(2,930,000)
Interest and fiscal charges	162,893	162,893	212,213	(49,320)
Total expenditures	<u>378,893</u>	<u>378,893</u>	<u>3,357,819</u>	<u>(2,978,926)</u>
(Deficiency) of revenues under expenditures	<u>(108,843)</u>	<u>(108,843)</u>	<u>(3,080,962)</u>	<u>(2,972,119)</u>
Other financing sources:				
Proceeds from refunding bonds	<u>-</u>	<u>-</u>	<u>2,985,000</u>	<u>2,985,000</u>
Net change in fund balance	<u>\$ (108,843)</u>	<u>\$ (108,843)</u>	<u>(95,962)</u>	<u>\$ 12,881</u>
Fund balance - beginning			<u>270,968</u>	
Fund balance - ending			<u>\$ 175,006</u>	

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

April 30, 2018

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Home Rehabilitation Grant Fund
Assets:			
Cash and cash equivalents	\$ 1,057,083	\$ 249,930	\$ 37
Receivables	86,640	57,906	28,495
Due from other funds	-	24	-
Prepaid items	-	-	-
Long-term receivables	-	-	-
	<u>\$ 1,143,723</u>	<u>\$ 307,860</u>	<u>\$ 28,532</u>
Total assets			
Liabilities:			
Accounts payable	\$ 208,346	\$ 346	\$ 28,495
Payroll liabilities payable	-	4,304	-
Due to other funds	-	431	-
	<u>208,346</u>	<u>5,081</u>	<u>28,495</u>
Total liabilities			
Deferred inflows of resources:			
Unavailable revenue	2,327	22,934	-
	<u>2,327</u>	<u>22,934</u>	<u>-</u>
Fund Balance:			
Nonspendable	-	-	-
Restricted	933,050	279,845	37
	<u>933,050</u>	<u>279,845</u>	<u>37</u>
Total fund balance			
	<u>\$ 1,143,723</u>	<u>\$ 307,860</u>	<u>\$ 28,532</u>
Total liabilities, deferred inflows of resources, and fund balance			

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2018

	Revolving Loan Fund	Midtown TIF District Fund	I-57 East TIF District Fund
Assets:			
Cash and cash equivalents	\$ 945,018	\$ 667,253	\$ 213,297
Receivables	36,336	828,181	35,487
Due from other funds	-	-	-
Prepaid items	-	-	-
Long-term receivables	95,951	-	-
Total assets	<u>\$ 1,077,305</u>	<u>\$ 1,495,434</u>	<u>\$ 248,784</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Payroll liabilities payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	-	828,181	35,487
Fund Balance:			
Nonspendable	95,951	-	-
Restricted	981,354	667,253	213,297
Total fund balance	<u>1,077,305</u>	<u>667,253</u>	<u>213,297</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,077,305</u>	<u>\$ 1,495,434</u>	<u>\$ 248,784</u>

CITY OF MATTOON, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS

April 30, 2018

	South Rt 45 TIF District Fund	South Rt 45 Business District Fund	Broadway East TIF District Fund
Assets:			
Cash and cash equivalents	\$ 23,822	\$ 14,066	\$ 194,302
Receivables	54,569	8,506	51,301
Due from other funds	-	-	-
Prepaid items	-	-	-
Long-term receivables	-	-	-
Total assets	\$ 78,391	\$ 22,572	\$ 245,603
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Payroll liabilities payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenue	54,569	4,763	51,301
Fund Balance:			
Nonspendable	-	-	-
Restricted	23,822	17,809	194,302
Total fund balance	23,822	17,809	194,302
Total liabilities, deferred inflows of resources, and fund balance	\$ 78,391	\$ 22,572	\$ 245,603

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

April 30, 2018

	I-57 East Business District Fund	Eliminations	Totals
Assets:			
Cash and cash equivalents	\$ 18,055	\$ -	\$ 3,382,863
Receivables	626	-	1,188,047
Due from other funds	-	-	24
Prepaid items	-	-	-
Long-term receivables	-	-	95,951
	<u>\$ 18,681</u>	<u>\$ -</u>	<u>\$ 4,666,885</u>
Total assets			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 237,187
Payroll liabilities payable	-	-	4,304
Due to other funds	-	-	431
	<u>-</u>	<u>-</u>	<u>241,922</u>
Total liabilities			
Deferred inflows of resources:			
Unavailable revenue	164	-	999,726
	<u>164</u>	<u>-</u>	<u>999,726</u>
Fund Balance:			
Nonspendable	-	-	95,951
Restricted	18,517	-	3,329,286
	<u>18,517</u>	<u>-</u>	<u>3,425,237</u>
Total fund balance			
	<u>18,517</u>	<u>-</u>	<u>3,425,237</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 18,681</u>	<u>\$ -</u>	<u>4,666,885</u>

CITY OF MATTOON, ILLINOIS

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

For the Year Ended April 30, 2018

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Home Rehabilitation Grant Fund
Revenues:			
Taxes	\$ -	\$ 350,016	\$ -
Intergovernmental revenues	489,117	-	112,049
Investment income	9,668	-	-
Contributions and miscellaneous revenues	-	912	-
Total revenues	<u>498,785</u>	<u>350,928</u>	<u>112,049</u>
Expenditures:			
Current			
Public works	478,678	-	-
Culture and recreation	-	261,687	-
Economic development	-	-	112,049
Capital outlay	103,054	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>581,732</u>	<u>261,687</u>	<u>112,049</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(82,947)</u>	<u>89,241</u>	<u>-</u>
Other financing sources (uses):			
Proceeds of refunding bonds	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(82,947)	89,241	-
Fund balance - beginning	<u>1,015,997</u>	<u>190,604</u>	<u>37</u>
Fund balance - ending	<u>\$ 933,050</u>	<u>\$ 279,845</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, 2018

	Revolving Loan Fund	Midtown TIF District Fund	I-57 East TIF District Fund
Revenues:			
Taxes	\$ -	\$ 744,423	\$ 34,685
Intergovernmental revenues	-	-	-
Investment income	5,017	812	23
Contributions and miscellaneous revenues	-	22,536	-
Total revenues	<u>5,017</u>	<u>767,771</u>	<u>34,708</u>
Expenditures:			
Current			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	21,744	340,159	6,937
Capital outlay	-	150,948	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>21,744</u>	<u>491,107</u>	<u>6,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,727)</u>	<u>276,664</u>	<u>27,771</u>
Other financing sources (uses):			
Proceeds of refunding bonds	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(16,727)	276,664	27,771
Fund balance - beginning	<u>1,094,032</u>	<u>390,589</u>	<u>185,526</u>
Fund balance - ending	<u>\$ 1,077,305</u>	<u>\$ 667,253</u>	<u>\$ 213,297</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, 2018

	South Rt 45 TIF District Fund	South Rt 45 Business District Fund	Broadway East TIF District Fund
Revenues:			
Taxes	\$ 53,367	\$ 29,985	\$ 44,774
Intergovernmental revenues	-	-	-
Investment income	35	25	30
Contributions and miscellaneous revenues	-	-	-
Total revenues	<u>53,402</u>	<u>30,010</u>	<u>44,804</u>
Expenditures:			
Current			
Public works	-	-	-
Culture and recreation	-	-	-
Economic development	16,727	-	13,222
Capital outlay	-	-	-
Debt service			
Principal	30,143	-	-
Interest and fiscal charges	27,443	-	-
Total expenditures	<u>74,313</u>	<u>-</u>	<u>13,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,911)</u>	<u>30,010</u>	<u>31,582</u>
Other financing sources (uses):			
Proceeds of refunding bonds	-	-	-
Transfer in	40,000	-	-
Transfer out	-	(40,000)	-
Total other financing sources (uses)	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balances	19,089	(9,990)	31,582
Fund balance - beginning	<u>4,733</u>	<u>27,799</u>	<u>162,720</u>
Fund balance - ending	<u>\$ 23,822</u>	<u>\$ 17,809</u>	<u>\$ 194,302</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, 2018

	I-57 East Business District Fund	Eliminations	Totals
Revenues:			
Taxes	\$ 2,971	\$ -	\$ 1,260,221
Intergovernmental revenues	-	-	601,166
Investment income	-	-	15,610
Contributions and miscellaneous revenues	-	-	23,448
	<hr/>	<hr/>	<hr/>
Total revenues	2,971	-	1,900,445
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current			
Public works	-	-	478,678
Culture and recreation	-	-	261,687
Economic development	-	-	510,838
Capital outlay	-	-	254,002
Debt service			
Principal	-	-	30,143
Interest and fiscal charges	-	-	27,443
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	1,562,791
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	2,971	-	337,654
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Proceeds of refunding bonds	-	-	-
Transfer in	-	(40,000)	-
Transfer out	-	40,000	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	2,971	-	337,654
	<hr/>	<hr/>	<hr/>
Fund balance - beginning	15,546	-	3,087,583
	<hr/>	<hr/>	<hr/>
Fund balance - ending	\$ 18,517	\$ -	\$ 3,425,237
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 487,000	\$ 487,000	\$ 489,117	\$ 2,117
Investment income	2,000	2,000	9,668	7,668
Total revenues	<u>489,000</u>	<u>489,000</u>	<u>498,785</u>	<u>9,785</u>
Expenditures:				
Current				
Public works	584,100	584,100	478,678	105,422
Capital outlay	<u>194,000</u>	<u>194,000</u>	<u>103,054</u>	<u>90,946</u>
Total expenditures	<u>778,100</u>	<u>778,100</u>	<u>581,732</u>	<u>196,368</u>
Net change in fund balance	<u>\$ (289,100)</u>	<u>\$ (289,100)</u>	(82,947)	<u>\$ 206,153</u>
Fund balance - beginning			<u>1,015,997</u>	
Fund balance - ending			<u>\$ 933,050</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 335,000	\$ 335,000	\$ 350,016	\$ 15,016
Contributions and miscellaneous revenues	-	-	912	912
Total revenues	<u>335,000</u>	<u>335,000</u>	<u>350,928</u>	<u>15,928</u>
Expenditures:				
Current				
Culture and recreation	<u>298,145</u>	<u>301,445</u>	<u>261,687</u>	<u>39,758</u>
Net change in fund balance	<u>\$ 36,855</u>	<u>\$ 33,555</u>	89,241	<u>\$ 55,686</u>
Fund balance - beginning			<u>190,604</u>	
Fund balance - ending			<u>\$ 279,845</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 112,049	\$ 112,049
Expenditures:				
Current				
Economic development	-	-	112,049	(112,049)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			37	
Fund balance - ending			\$ 37	

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,400	\$ 2,400	\$ 5,017	\$ 2,617
Contributions and miscellaneous revenue	28,861	28,861	-	(28,861)
Total revenues	<u>31,261</u>	<u>31,261</u>	<u>5,017</u>	<u>(26,244)</u>
Expenditures:				
Current				
Economic development	<u>31,261</u>	<u>31,261</u>	<u>21,744</u>	<u>9,517</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(16,727)</u>	<u>\$ (16,727)</u>
Fund balance - beginning			<u>1,094,032</u>	
Fund balance - ending			<u>\$ 1,077,305</u>	

CITY OF MATTOON, ILLINOIS

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

For the Year Ended April 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 350,000	\$ 350,000	\$ 744,423	\$ 394,423
Investment income	300	300	812	512
Contributions and miscellaneous revenue	24,000	24,000	22,536	(1,464)
Total revenues	<u>374,300</u>	<u>374,300</u>	<u>767,771</u>	<u>393,471</u>
Expenditures:				
Current				
Economic development	305,976	305,976	340,159	(34,183)
Capital outlay	312,000	312,000	150,948	161,052
Total expenditures	<u>617,976</u>	<u>617,976</u>	<u>491,107</u>	<u>126,869</u>
Net change in fund balance	<u>\$ (243,676)</u>	<u>\$ (243,676)</u>	276,664	<u>\$ 520,340</u>
Fund balance - beginning			<u>390,589</u>	
Fund balance - ending			<u>\$ 667,253</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 37,659	\$ 37,659	\$ 34,685	\$ (2,974)
Investment income	10	10	23	13
Total revenue	<u>37,669</u>	<u>37,669</u>	<u>34,708</u>	<u>(2,961)</u>
Expenditures:				
Current				
Economic development	<u>8,032</u>	<u>8,032</u>	<u>6,937</u>	<u>1,095</u>
Net change in fund balance	<u>\$ 29,637</u>	<u>\$ 29,637</u>	27,771	<u>\$ (1,866)</u>
Fund balance - beginning			<u>185,526</u>	
Fund balance - ending			<u>\$ 213,297</u>	

CITY OF MATTOON, ILLINOIS

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

For the Year Ended April 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 30,694	\$ 30,694	\$ 53,367	\$ 22,673
Investment income	7	7	35	28
Total revenues	<u>30,701</u>	<u>30,701</u>	<u>53,402</u>	<u>22,701</u>
Expenditures:				
Current				
Economic development	12,193	12,193	16,727	(4,534)
Debt service				
Principal	31,016	31,016	30,143	873
Interest and fiscal charges	<u>26,570</u>	<u>26,570</u>	<u>27,443</u>	<u>(873)</u>
Total expenditures	<u>69,779</u>	<u>69,779</u>	<u>74,313</u>	<u>(4,534)</u>
(Deficiency) of revenues under expenditures	<u>(39,078)</u>	<u>(39,078)</u>	<u>(20,911)</u>	<u>18,167</u>
Other financing sources:				
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 922</u>	<u>\$ 922</u>	19,089	<u>\$ 18,167</u>
Fund balance - beginning			<u>4,733</u>	
Fund balance - ending			<u>\$ 23,822</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 26,900	\$ 26,900	\$ 29,985	\$ 3,085
Investment income	25	25	25	-
Total revenues	26,925	26,925	30,010	3,085
Other financing (uses):				
Transfers out	(40,000)	(40,000)	(40,000)	-
Net change in fund balance	\$ (13,075)	\$ (13,075)	(9,990)	\$ 3,085
Fund balance - beginning			27,799	
Fund balance - ending			\$ 17,809	

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 49,167	\$ 49,167	\$ 44,774	\$ (4,393)
Investment income	11	11	30	19
Total revenue	<u>49,178</u>	<u>49,178</u>	<u>44,804</u>	<u>(4,374)</u>
Expenditures:				
Current				
Economic development	<u>14,464</u>	<u>14,464</u>	<u>13,222</u>	<u>1,242</u>
Net change in fund balance	<u>\$ 34,714</u>	<u>\$ 34,714</u>	31,582	<u>\$ (3,132)</u>
Fund balance - beginning			<u>162,720</u>	
Fund balance - ending			<u>\$ 194,302</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	<u>\$ 4,000</u>	<u>\$ 4,000</u>	\$ 2,971	<u>\$ (1,029)</u>
Fund balance - beginning			<u>15,546</u>	
Fund balance - ending			<u>\$ 18,517</u>	

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

April 30, 2018

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 37,757	\$ 326,015	\$ 363,772
Accounts receivable	9,206	928	10,134
Due from other funds	90,990	-	90,990
Due from component units	1,696	-	1,696
Prepaid items	-	144,162	144,162
Restricted assets:			
Cash and cash equivalents	10,263	-	10,263
Total current assets	149,912	471,105	621,017
Liabilities:			
Current liabilities:			
Accounts payable	139,126	1,735	140,861
Due to other funds	-	25,226	25,226
Due to component units	-	250	250
Payable from restricted assets			
Other payables	10,786	-	10,786
Total current liabilities	149,912	27,211	177,123
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, 2018

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
Operating revenues:			
Fund charges and employee contributions	\$ 3,963,694	\$ 865,710	\$ 4,829,404
Miscellaneous operating revenue	11,868	67,452	79,320
Total operating revenue	<u>3,975,562</u>	<u>933,162</u>	<u>4,908,724</u>
Operating expenses:			
Administrative and general	572,043	43,959	616,002
Insurance	430,375	889,203	1,319,578
Health claims and uninsured judgments	2,973,149	-	2,973,149
Total operating expenses	<u>3,975,567</u>	<u>933,162</u>	<u>4,908,729</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, 2018

	Health Insurance Fund	Insurance and Tort Judgment Fund	Totals
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 2,865,601	\$ 795,622	\$ 3,661,223
Receipts from component units	56,131	9,949	66,080
Receipts from employees and retirees	1,050,356	-	1,050,356
Payments to suppliers	(1,001,298)	(940,806)	(1,942,104)
Payments to claimants	(2,994,018)	-	(2,994,018)
Other receipts	10,748	74,070	84,818
	<u>(12,480)</u>	<u>(61,165)</u>	<u>(73,645)</u>
Net cash used by operating activities			
Cash flows from investing activities:			
Investment income	<u>5</u>	<u>-</u>	<u>5</u>
Net cash provided by investing activities	<u>5</u>	<u>-</u>	<u>5</u>
Net decrease in cash	(12,475)	(61,165)	(73,640)
Cash, restricted and unrestricted - beginning	<u>60,495</u>	<u>387,180</u>	<u>447,675</u>
Cash, restricted and unrestricted - ending	<u>\$ 48,020</u>	<u>\$ 326,015</u>	<u>\$ 374,035</u>
Reconciliation of operating (loss) to net cash used by operating activities:			
Operating loss	\$ (5)	\$ -	\$ (5)
Adjustments to reconcile operating loss to net cash used by operating activities			
(Increase) decrease in receivables	(3,959)	6,618	2,659
Decrease in due from other funds	12,278	-	12,278
Decrease in due from component units	74	-	74
(Increase) in prepaid items	-	(5,756)	(5,756)
(Decrease) in accounts payable	(25,241)	(1,890)	(27,131)
Increase in due to other funds	-	(59,204)	(59,204)
(Decrease) in due to component units	-	(933)	(933)
Increase in other payables	4,373	-	4,373
Net cash used by operating activities	<u>\$ (12,480)</u>	<u>\$ (61,165)</u>	<u>\$ (73,645)</u>

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

April 30, 2018

Assets:	
Cash and cash equivalents	\$ 262,945
Investments, at fair value	42,082
Accounts receivable	25
Due from primary government	250
	250
Total assets	\$ 305,302
Liabilities:	
Accounts payable	\$ 10,616
Payroll liabilities	2,601
Due to primary government	17,910
Advances from primary government	38,708
	38,708
	69,835
Fund Balance:	
Restricted	24,517
Unassigned	210,950
	210,950
Total fund balances	235,467
Total liabilities and fund balance	\$ 305,302

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, 2018

Revenues:	
Payments from primary government	\$ 487,499
Charges for services	2,260
Fines and forfeitures	14,626
Investment income	2,810
Operating contributions	<u>65,482</u>
Total revenues	<u>572,677</u>
Expenditures:	
Current	
Culture and recreation	477,963
Debt service	
Principal	5,000
Interest	<u>3,050</u>
Total expenditures	<u>486,013</u>
Excess of revenues over expenditures	86,664
Fund balance - beginning	<u>148,803</u>
Fund balance - ending	<u><u>\$ 235,467</u></u>

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

April 30, 2018

	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund	Totals
Assets:			
Cash	\$ 584,378	\$ 467,238	\$ 1,051,616
Interest receivable	29,614	31,970	61,584
Prepaid expenses	2,820	-	2,820
Due from primary government	35,208	35,208	70,416
Total assets other than investments	<u>652,020</u>	<u>534,416</u>	<u>1,186,436</u>
Investments at fair value			
Certificates of deposit	329,980	98,398	428,378
U.S. government obligations	541,814	473,744	1,015,558
Corporate and municipal bonds	2,811,321	2,382,447	5,193,768
Insurance contracts	13,830,679	11,668,036	25,498,715
Mutual funds	-	192,702	192,702
Stocks	376,805	1,060,428	1,437,233
Total investments	<u>17,890,599</u>	<u>15,875,755</u>	<u>33,766,354</u>
Total assets	<u>18,542,619</u>	<u>16,410,171</u>	<u>34,952,790</u>
Liabilities:			
Accounts payable	7,682	-	7,682
Pensions payable	-	223,071	223,071
Total liabilities	<u>7,682</u>	<u>223,071</u>	<u>230,753</u>
Net position:			
Held in trust for pension benefits	<u>\$ 18,534,937</u>	<u>\$ 16,187,100</u>	<u>\$ 34,722,037</u>

CITY OF MATTOON, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY COMPONENT UNITS

For the Year Ended April 30, 2018

	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 1,639,440	\$ 1,829,282	\$ 3,468,722
Plan members	253,608	200,317	453,925
Total contributions	<u>1,893,048</u>	<u>2,029,599</u>	<u>3,922,647</u>
Investment income:			
Interest income	119,922	108,176	228,098
Dividend income	9,268	35,190	44,458
Net increase in fair value of investments	<u>1,415,982</u>	<u>1,066,840</u>	<u>2,482,822</u>
Net investment income	<u>1,545,172</u>	<u>1,210,206</u>	<u>2,755,378</u>
Total additions	<u>3,438,220</u>	<u>3,239,805</u>	<u>6,678,025</u>
Deductions:			
Benefits and refunds of contributions	2,124,673	2,545,025	4,669,698
Administrative expenses	64,129	17,837	81,966
Total deductions	<u>2,188,802</u>	<u>2,562,862</u>	<u>4,751,664</u>
Change in net position	1,249,418	676,943	1,926,361
Net position held in trust - beginning	<u>17,285,519</u>	<u>15,510,157</u>	<u>32,795,676</u>
Net position held in trust - ending	<u>\$ 18,534,937</u>	<u>\$ 16,187,100</u>	<u>\$ 34,722,037</u>

ACCOMPANYING INFORMATION SECTION

CITY OF MATTOON, ILLINOIS

LEGAL DEBT MARGIN
(UNAUDITED)

April 30, 2018

Assessed valuation, 2017 levy		<u>\$ 197,171,994</u>
Statutory debt limitation: (8.625% of assessed valuation)		\$ 17,006,084
Total debt:		
General obligation bonds	\$ (11,400,000)	
Capital leases	(221,932)	
Notes payable	<u>(6,980,197)</u>	
Total debt		(18,602,129)
Less debt exempt from statutory debt limitation computation:		
General obligation bonds	11,400,000	
Notes payable - IEPA loans	<u>5,810,601</u>	
Total debt exempt from statutory debt limitation		<u>17,210,601</u>
Legal debt margin		<u>\$ 15,614,556</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, 2018, 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 October 30, 2018.

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 have not been 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 (2018-001).

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 (2018-002).

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 from 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, Winters & Co. LLP

Mattoon, Illinois
October 30, 2018

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended April 30, 2018

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, 2018

**FINDING NO. 2018-001 - Controls Over Financial Statement Preparation
(Repeat of 2017-001, 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, 2018

**FINDING NO. 2018-002 - Inadequate Controls over Capital Assets
(Repeat of 2017-002, 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 assets recorded in the financial statements.