

CITY OF MASCOUTAH, ILLINOIS

**FINANCIAL STATEMENTS AND
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
APRIL 30, 2013**

CITY OF MASCOUTAH, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Mascoutah, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Mascoutah, Illinois as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City's 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 audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

Opinion

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, each major fund, and the aggregate remaining fund information of the City of Mascoutah, Illinois as of April 30, 2013, 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.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 10), budgetary comparison information (page 44) and schedules of funding progress and employer contributions (pages 45 to 46) 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 Mascoutah, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and other schedules 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 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants
Alton, Illinois

July 29, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Mascoutah, Illinois' (City) annual audit presents a management's discussion and analysis of the City's financial activity during the fiscal year ended April 30, 2013. The management's discussion and analysis (MD&A) is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the City's basic financial statements. There are three components to the basic statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude fiduciary fund activities.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and highways, health and welfare, development and cultural and recreational. The business-type activities include electric light, water and sewer.

The statement of net position presents information on all of the City's assets, deferred inflows and outflows, and liabilities, with the difference reported as net position. Over time, increases or decreases in 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. Changes in net position are reported on the accrual basis for the governmental activities and the business-type activities.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds. Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for one major fund: the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "Other Governmental Funds." Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules in the other supplementary information section of this report.

The City adopts an annual budget for all governmental funds. A budgetary comparison schedule for the major fund has been provided to demonstrate legal compliance with the adopted budget.

Proprietary funds. Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric light, water and sewer operations.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting method used for fiduciary funds is much like that used in proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other supplementary information. The combining nonmajor fund statements, referred to earlier in connection with nonmajor governmental funds, as well as information related to property taxes and TIF compliance are presented immediately following the required supplementary information.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, the net position balance was \$36,764,463 at the close of the most recent fiscal year.

The largest portion of the City's net position (69.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The condensed statement of net assets is as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Current and other assets	\$ 2,841,935	\$ 3,758,345	\$12,090,567	\$15,489,001	\$ 14,932,502	\$ 19,247,346
Capital assets	12,563,529	11,854,602	23,799,151	23,679,352	36,362,680	35,533,954
Total assets	15,405,464	15,612,947	35,889,718	39,168,353	51,295,182	54,781,300
Deferred outflows	8,683	11,938	-	-	8,683	11,938
Long-term liabilities outstanding	3,951,439	4,400,394	7,380,508	7,822,762	11,331,947	12,223,156
Other liabilities	2,611,483	8,213,390	595,972	968,686	3,207,455	9,182,076
Total liabilities	6,562,922	12,613,784	7,976,480	8,791,448	14,539,402	21,405,232
Net position:						
Invested in capital assets, net of related debt	9,074,481	7,633,776	16,489,338	15,689,176	25,563,819	23,322,952
Restricted	1,658,688	1,809,100	-	-	1,658,688	1,809,100
Unrestricted	(1,881,944)	(6,431,775)	11,423,900	14,687,729	9,541,956	8,255,954
Total net position	\$ 8,851,225	\$ 3,011,101	\$27,913,238	\$30,376,905	\$ 36,764,463	\$ 33,388,006

Total net position increased \$3,376,457 resulting in a balance of \$36,764,463 as of April 30, 2013. Current assets, which include cash, investments, accounts receivable and unbilled revenues, decreased by \$4,314,844. This decrease is due to the elimination of the interfund loan between the light fund and the capital projects fund upon closure of the capital projects fund during this year. This also resulted in the decrease in the other liabilities category. Non-current assets increased \$828,726 due primarily to increases in capital assets in both the governmental and business-type activity funds.

Long term liabilities decreased in the current year by \$891,209 for an ending total balance of \$11,331,947.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

ANALYSIS OF NET ASSETS

<u>Analysis of Net Assets</u>	<u>2013</u>		<u>2012</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net invested in capital assets	69.5%	\$ 25,563,819	69.9%	\$ 23,322,952
Restricted	4.5%	1,658,688	5.4%	1,809,100
Unrestricted	26.0%	9,541,956	24.7%	8,255,954
Total net assets	100.0%	\$ 36,764,463	100.0%	\$ 33,388,006

Total net asset balances increased by \$3,376,457 in fiscal year 2013 to a total ending balance of \$36,764,463. Capital net asset balances increased in the current year due to capital asset purchases and a decrease in construction debt. Unrestricted net asset balances increased due to overall income in the proprietary funds and the income before capital outlay expenditures in the governmental funds. The revenue and expenditure comparisons that comprise the current year increases follow.

REVENUE COMPARISON BY TYPE

<u>Revenues by type</u>	<u>2013</u>	<u>2012</u>
Property tax	\$ 2,676,579	\$ 2,530,546
Water, sewer and electric charges	10,429,980	10,151,737
Other charges for services	780,818	765,492
Sales and use tax	705,600	699,485
State income tax	738,567	626,174
Motor fuel tax	215,823	219,476
Telecommunications tax	234,488	235,268
Corporate personal property tax	22,727	21,472
Utility tax	350,898	334,885
Franchise fees	121,758	89,499
Hotel tax	44,636	46,937
Investment earnings	54,669	64,345
Contributions/grants	645,189	420,000
Other miscellaneous	277,706	39,318
Total revenues	\$ 17,299,438	\$ 16,244,634

Total revenues increased \$1,054,804 in the year ended April 30, 2013. The increase is a result of several factors. Water, sewer and electric revenues increased \$278,243 largely due to service charges and connection fees. Property tax revenues increased \$146,033 over the prior year and state income tax revenues recovered by \$112,393 in the current year. Contributions and grants increased mainly due to the fiber optic line grant and the forgiveness of debt on the IEPA loan. Other miscellaneous increased primarily from the settlement payment from a class action lawsuit.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

EXPENDITURES BY CATEGORY

GOVERNMENTAL ACTIVITIES

<u>Expenditures by category</u>	<u>2013</u>		<u>2012</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	7.4%	\$ 342,886	10.3%	\$ 491,088
Public safety	35.7%	1,664,530	34.2%	1,624,440
Streets and highways	16.3%	759,139	15.7%	747,653
Health and Welfare	12.7%	593,544	12.5%	592,295
Development	6.6%	307,505	8.5%	402,506
Cultural and recreational	17.8%	830,397	14.5%	686,586
Interest on long-term debt	3.5%	160,796	4.3%	204,427
Total expenditures	<u>100.0%</u>	<u>\$ 4,658,797</u>	<u>100.0%</u>	<u>\$ 4,748,995</u>

The City reported a decrease in the governmental activities expenditures of \$90,198 largely due to the continued increase in the distribution of overhead costs. In both years, the largest category of expense is public safety which consists of the City police department. General government expenditures are those related to the general operations and administration of the City.

The above expenditure categories include amounts for depreciation expense on assets purchased in the current and prior years. The breakdown by category is as follows:

	<u>2013</u>	<u>2012</u>
General government	\$ 46,035	\$ 67,304
Public safety	114,034	120,767
Streets and highways	266,186	239,407
Health and welfare	27,926	28,989
Cultural and recreational	127,761	125,631
Total depreciation	<u>\$ 581,942</u>	<u>\$ 582,098</u>

Total capital outlay expenditures for the governmental activities in the current year totaled \$1,295,461 which included increases related to infrastructure improvements in addition to the purchase of various equipment. These capital additions were offset in the government-wide financial statements by the depreciation expense related to additions in the current and prior years.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS-TYPE ACTIVITIES

<u>Operating Expenditures</u>	<u>2013</u>		<u>2012</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	18.0%	\$ 1,627,896	20.2%	\$ 1,746,208
Contractual services	58.1%	5,273,018	55.9%	4,819,585
Supplies and materials	1.9%	170,273	2.6%	221,696
Administrative overhead	10.7%	970,980	9.7%	833,975
Depreciation	11.3%	1,026,606	11.6%	1,002,438
Total expenditures	<u>100.0%</u>	<u>\$ 9,068,773</u>	<u>100.0%</u>	<u>\$ 8,623,902</u>

Expenses in the business type activities increased by \$444,871 over the prior year. As in the prior year, the largest categories of operating expense were for contractual services that include power and water purchases. The largest increase between years was due to an increase in power purchases and depreciation expense related to the new capital additions.

FUNDS FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2013, the City's governmental funds reported combined ending fund balances of \$255,790. The governmental fund balance includes \$1,658,688 that has been restricted for specific purposes.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General fund was \$146,724. The fund balance of the General fund increased by \$1,046,682 during the current fiscal year. Total expenditures in the General fund were \$2,401,820.

Proprietary fund. The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water and sewer, and electric light funds at the end of the year amounted to \$11,423,900. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's government-wide financial statements.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

BUDGETARY HIGHLIGHTS

The City's General fund had budgetary expenditures, including transfers, of \$2,313,951. The budgeted amount for the General Fund was \$2,298,985. The appropriations were not amended in the current year. Total expenditures, including transfers for debt, in the General Fund were in excess of the budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2013, amounts to \$36,362,680, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure. The total net increase in capital assets for the current year was \$828,726. This increase is due to governmental infrastructure improvements of \$1,020,603 as well as infrastructure additions of \$214,599 in the business-type activities. Total additions were \$1,295,461 in the governmental fund activities and \$581,942 in the business-type activities. The major additions include road projects, electric line additions, watermain replacement projects, and vehicle purchases. Additional information related to the capital assets of the City can be found in Note 5 of the financial statements. The following schedule reports the different asset accounts net of accumulated depreciation.

	Governmental Activities		Business-type Activities		Total	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Land	\$ 809,354	\$ 809,354	\$ 137,350	\$ 137,350	\$ 946,704	\$ 946,704
Land Improvements	481,144	400,045	-	-	481,144	400,045
Buildings and Improvements	3,021,006	3,110,552	2,653,322	2,558,199	5,674,328	5,668,751
Equipment	201,470	245,747	287,153	314,110	488,623	559,857
Vehicles	903,489	947,842	580,090	685,645	1,483,579	1,633,487
Infrastructure	7,147,066	6,341,062	20,141,236	19,984,048	27,288,302	26,325,110
	<u>\$12,563,529</u>	<u>\$11,854,602</u>	<u>\$23,799,151</u>	<u>\$23,679,352</u>	<u>\$36,362,680</u>	<u>\$35,533,954</u>

Long-term Debt

At the end of 2013, the City had total debt obligations of \$11,331,947 compared to \$12,223,156 at the end of 2012. This decrease is primarily due to the normal retirement of debt. Current year additions were largely comprised of debt to pay off existing debt with better interest rates. Additional information related to the debt of the City can be found in Note 4 of the financial statements.

	Governmental Activities		Business-type Activities		Total	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
Notes Payable	\$ 1,509,048	\$ 788,463	\$ 3,419,813	\$ 3,673,261	\$ 4,928,861	\$ 4,461,724
Bonds Payable	1,980,000	3,205,000	3,890,000	4,075,000	5,870,000	7,280,000
Compensated Absences	278,942	216,134	70,695	74,501	349,637	290,635
Pension Obligation	183,449	190,797	-	-	183,449	190,797
Total Debt	<u>\$ 3,951,439</u>	<u>\$ 4,400,394</u>	<u>\$ 7,380,508</u>	<u>\$ 7,822,762</u>	<u>\$11,331,947</u>	<u>\$12,223,156</u>

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Requests for Information

This financial report is designed to provide a general overview of the City of Mascoutah, Illinois for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's administrative office, 3 West Main St., Mascoutah, IL 62258.

CITY OF MASCOUTAH, ILLINOIS**STATEMENT OF NET POSITION
APRIL 30, 2013**

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,858,765	\$ 8,316,994	\$ 10,175,759
Investments	68,248	-	68,248
Receivables (Net of allowance for uncollectible):			
Intergovernmental	490,600	-	490,600
Accounts	42,951	1,166,924	1,209,875
Interest/Other	58,286	123,383	181,669
Internal Balances	(2,311,396)	2,311,396	-
Restricted Assets - Cash and Investments	323,085	171,870	494,955
Capital Assets:			
Land	809,354	137,350	946,704
Land Improvements	885,304	-	885,304
Buildings and Improvements	5,214,559	8,686,603	13,901,162
Equipment	1,385,244	665,900	2,051,144
Vehicles	2,419,826	1,244,969	3,664,795
Infrastructure	9,579,792	27,329,279	36,909,071
Accumulated Depreciation	(7,730,550)	(14,264,950)	(21,995,500)
Net Capital Assets	12,563,529	23,799,151	36,362,680
Total Assets	13,094,068	35,889,718	48,983,786
<u>Deferred Outflows of Resources</u>			
Loss on Bond Refunding	8,683	-	8,683
<u>Liabilities</u>			
Accounts Payable	141,880	311,073	452,953
Accrued Payroll and Benefits	117,925	47,487	165,412
Accrued Interest Payable	15,683	4,316	19,999
Deferred Revenue	24,599	61,226	85,825
Liabilities Payable from Restricted Assets:			
Customer Deposits	-	171,870	171,870
Noncurrent Liabilities:			
Due Within One Year	1,203,942	409,802	1,613,744
Due in More Than One Year	2,747,497	6,970,706	9,718,203
Total Liabilities	4,251,526	7,976,480	12,228,006
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	9,074,481	16,489,338	25,563,819
Restricted for:			
Debt Service	138,342	-	138,342
Other Purposes	1,520,346	-	1,520,346
Unrestricted	(1,881,944)	11,423,900	9,541,956
Total Net Position	\$ 8,851,225	\$ 27,913,238	\$ 36,764,463

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED APRIL 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
				Capital Grants and Contributions			
Governmental Activities:							
General Government	\$ 342,886	\$ 313,011	\$ 1,880	\$ 94,425	\$ 66,430	\$ 66,430	\$ 66,430
Public Safety	1,664,530	29,411	-	-	(1,635,119)	-	(1,635,119)
Streets and Highways	759,139	-	-	-	(759,139)	-	(759,139)
Health and Welfare	593,544	256,205	-	-	(337,339)	-	(337,339)
Development	307,505	-	-	-	(307,505)	-	(307,505)
Cultural and Recreational	830,397	182,191	139,415	38,893	(469,898)	-	(469,898)
Interest on Long-term Debt	160,796	-	-	-	(160,796)	-	(160,796)
Total Governmental Activities (see Note 1)	4,658,797	780,818	141,295	133,318	(3,603,366)	-	(3,603,366)
Business-type Activities:							
Waterworks and Sewerage	2,914,808	3,129,984	-	35,207	\$ 250,383	\$ 250,383	250,383
Electric Light	6,349,376	7,299,996	-	118,725	1,069,345	1,069,345	1,069,345
Total Business-type Activities	9,264,184	10,429,980	-	153,932	1,319,728	1,319,728	1,319,728
Total Government	\$ 13,922,981	\$ 11,210,798	\$ 141,295	\$ 287,250	(3,603,366)	1,319,728	(2,283,638)
General Revenues:							
Property Tax, Levied for General Purposes					2,676,579	-	2,676,579
Sales and Use Tax					705,600	-	705,600
Income Tax					738,567	-	738,567
Corporate Personal Property Tax					22,727	-	22,727
Motor Fuel Tax					215,823	-	215,823
Telecommunications Tax					234,488	-	234,488
Hotel Tax					44,636	-	44,636
Other					22,270	-	22,270
Utility Tax					350,898	-	350,898
Franchise Fees					121,758	-	121,758
Investment Earnings					19,687	34,982	54,669
Loan Forgiveness					-	216,644	216,644
Miscellaneous					255,436	-	255,436
Transfers					4,035,021	(4,035,021)	-
Total General Revenues and Transfers					9,443,490	(3,783,395)	5,660,095
Change in Net Position					5,840,124	(2,463,667)	3,376,457
Net Position - Beginning					3,011,101	30,376,905	33,388,006
Net Position - Ending					\$ 8,851,225	\$ 27,913,238	\$ 36,764,463

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2013

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 61,346	\$ 1,797,419	\$ 1,858,765
Investments	68,248	-	68,248
Receivables (Net, where applicable, of allowances for uncollectible):			
Property Tax	509,000	1,254,500	1,763,500
Intergovernmental	464,231	12,869	477,100
Other	45,629	55,608	101,237
Due From Other Funds	12,817	4,933	17,750
Restricted Cash and Investments	-	323,085	323,085
Total Assets	<u>\$ 1,161,271</u>	<u>\$ 3,448,414</u>	<u>\$ 4,609,685</u>
 <u>Liabilities and Fund Equity</u>			
Liabilities:			
Accrued Payroll and Benefits	\$ 25,563	\$ 9,729	\$ 35,292
Accounts Payable	67,474	74,406	141,880
Due to Other Funds	314,933	2,014,213	2,329,146
Deferred Revenue	606,577	1,241,000	1,847,577
Total Liabilities	<u>1,014,547</u>	<u>3,339,348</u>	<u>4,353,895</u>
Fund Balances:			
Nonspendable	-	328,018	328,018
Restricted For:			
Debt Service	-	138,342	138,342
Revenue Restrictions	-	1,520,346	1,520,346
Unassigned	146,724	(1,877,640)	(1,730,916)
Total Fund Balances	<u>146,724</u>	<u>109,066</u>	<u>255,790</u>
Total Liabilities and Fund Balances	<u>\$ 1,161,271</u>	<u>\$ 3,448,414</u>	<u>\$ 4,609,685</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED APRIL 30, 2013

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 255,790
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	12,563,529
Some receivables are not available to pay current-period expenditures and, therefore, are deferred in the governmental funds balance sheet, but recognized as revenue as economic financial resources.	72,978
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(15,683)
Accrued compensated absences are not reported as a liability on the balance sheet of the governmental funds.	(361,575)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(3,455,808)
Net pension obligations are not reported as a liability on the balance sheet of the governmental funds.	<u>(208,006)</u>
Net position of governmental activities	<u>\$ 8,851,225</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property Tax	\$ 498,351	\$ 2,178,228	\$ 2,676,579
Utility Tax	350,898	-	350,898
Hotel Tax	44,636	-	44,636
Intergovernmental	1,950,051	386,997	2,337,048
Licenses, Permits and Fees	71,784	19,674	91,458
Charges for Services	358,052	423,394	781,446
Fines and Forfeitures	23,336	6,336	29,672
Investment Earnings	1,914	17,773	19,687
Contributions	1,880	7,134	9,014
Miscellaneous	16,042	239,394	255,436
Total Revenues	<u>3,316,944</u>	<u>3,278,930</u>	<u>6,595,874</u>
Expenditures:			
Current:			
General Government	304,853	-	304,853
Public Safety	1,439,683	60,479	1,500,162
Streets and Highways	403,490	86,760	490,250
Health and Welfare	-	554,728	554,728
Development	20,311	287,194	307,505
Cultural and Recreational	-	696,016	696,016
Capital Outlay	226,050	1,069,411	1,295,461
Debt Service:			
Principal	7,089	1,587,326	1,594,415
Interest and Charges	344	172,711	173,055
Total Expenditures	<u>2,401,820</u>	<u>4,514,625</u>	<u>6,916,445</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>915,124</u>	<u>(1,235,695)</u>	<u>(320,571)</u>
Other Financing Sources (Uses):			
Proceeds from Debt	40,000	1,050,000	1,090,000
Operating Transfers In	120,912	4,411,626	4,532,538
Operating Transfers Out	<u>(29,354)</u>	<u>(468,163)</u>	<u>(497,517)</u>
Total Other Financing Sources (Uses)	<u>131,558</u>	<u>4,993,463</u>	<u>5,125,021</u>
Net Change in Fund Balances	1,046,682	3,757,768	4,804,450
Fund Balance (Deficit), Beginning of Year	<u>(899,958)</u>	<u>(3,648,702)</u>	<u>(4,548,660)</u>
Fund Balance (Deficit), End of Year	<u>\$ 146,724</u>	<u>\$ 109,066</u>	<u>\$ 255,790</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2013**

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds	\$ 4,804,450
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and losses on disposals in the current year.	708,927
Accrued compensated absences are reported in the government-wide statement of activities and changes in net position, but do not require the use of current financial resources; therefore, accrued compensated absences are not reported as expenditures in governmental funds. This is the change in accrued compensated absences between years.	(65,301)
Net pension obligations are reported in the government-wide statement of activities and changes in net position, but do not require the use of current financial resources; therefore, net pension obligations are not reported as expenditures in governmental funds. This is the change in the net pension obligation between years.	7,348
The issuance of long-term debt (e.g., bonds, loans) 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 those differences in the treatment of long-term debt and related items.	501,160
Some intergovernmental revenues will not be collected for several months after the City's fiscal year end. They are not considered "available" revenues in the governmental funds. This is the change in deferred revenues between fiscal years.	(131,974)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	15,514
Change in net position of governmental activities	<u>\$ 5,840,124</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2013

	Waterworks and Sewerage	Electric Light	Total		Waterworks and Sewerage	Electric Light	Total
<u>Assets:</u>				<u>Liabilities:</u>			
Current Assets:				Current Liabilities:			
Cash	\$ 3,523,140	\$ 4,793,854	\$ 8,316,994	Accrued Payroll and Benefits	\$ 21,567	\$ 25,920	\$ 47,487
Receivables (Net, where applicable, of allowances for uncollectible):				Accounts Payable	21,239	289,834	311,073
Accounts	111,192	399,892	511,084	Accrued Interest	4,316	-	4,316
Unbilled Revenue	224,060	431,780	655,840	Deferred Connection Fees	-	61,226	61,226
Other	4,936	118,447	123,383	Notes/Leases Payable	219,802	-	219,802
Due from Other Funds	366,640	1,944,756	2,311,396	Bonds Payable	-	190,000	190,000
Total Current Assets	4,229,968	7,688,729	11,918,697	Total Current Liabilities	266,924	566,980	833,904
Noncurrent Assets:				Liabilities Payable from Restricted Assets:			
Restricted Assets:				Customer Deposits	34,646	137,224	171,870
Cash and Cash Equivalents:				Noncurrent Liabilities:			
Customer Deposits	34,646	137,224	171,870	Accrued Sick Leave	20,317	50,378	70,695
Capital Assets:				Notes/Leases Payable	3,200,011	-	3,200,011
Land	20,341	117,009	137,350	Bonds Payable	-	3,700,000	3,700,000
Buildings and Improvements	4,701,342	3,985,261	8,686,603	Total Noncurrent Liabilities	3,220,328	3,750,378	6,970,706
Equipment	257,707	408,193	665,900	Total Liabilities	3,521,898	4,454,582	7,976,480
Vehicles	276,066	968,903	1,244,969				
Distribution System	14,886,697	12,442,582	27,329,279				
Total	20,142,153	17,921,948	38,064,101				
Less - Accumulated Depreciation	(6,866,338)	(7,398,612)	(14,264,950)	<u>Net Position:</u>			
Net Capital Assets	13,275,815	10,523,336	23,799,151	Invested in Capital Assets,			
Total Noncurrent Assets	13,310,461	10,660,560	23,971,021	Net of Related Debt	9,856,002	6,633,336	16,489,338
Total Assets	\$ 17,540,429	\$ 18,349,289	\$ 35,889,718	Unrestricted	4,162,529	7,261,371	11,423,900
				Total Net Position	\$ 14,018,531	\$ 13,894,707	\$ 27,913,238

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2013

	Business-Type Activities--Enterprise Funds		
	Waterworks and Sewerage	Electric Light	Total
Operating Revenues:			
Charges for Services	\$ 3,129,984	\$ 7,299,996	\$ 10,429,980
Operating Expenses:			
Personal Services	720,632	907,264	1,627,896
Supplies	108,690	61,583	170,273
Contractual Services	1,077,654	4,195,364	5,273,018
Administrative Overhead	489,300	481,680	970,980
Depreciation	498,384	528,222	1,026,606
Total Operating Expenses	2,894,660	6,174,113	9,068,773
Operating Income	235,324	1,125,883	1,361,207
Nonoperating Revenues (Expenses):			
IEPA Loan Forgiveness	216,644	-	216,644
Investment Earnings	15,645	19,337	34,982
Interest and Fiscal Charges	(20,148)	(175,263)	(195,411)
Total Nonoperating Revenues (Expenses)	212,141	(155,926)	56,215
Income Before Contributions and Transfers	447,465	969,957	1,417,422
Capital Contributions	35,207	118,725	153,932
Transfers In (Out)	205,995	(4,241,016)	(4,035,021)
Change in Net Position	688,667	(3,152,334)	(2,463,667)
Net Position - Beginning of Year	13,329,864	17,047,041	30,376,905
Net Position - End of Year	\$ 14,018,531	\$ 13,894,707	\$ 27,913,238

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED APRIL 30, 2013

	Business-Type Activities--Enterprise Funds		
	Waterworks and Sewerage	Electric Light	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 3,064,118	\$ 7,043,016	\$ 10,107,134
Payments to Suppliers	(1,927,795)	(5,382,456)	(7,310,251)
Payments to Employees	(511,942)	(633,046)	(1,144,988)
Net Cash Provided by Operating Activities	<u>624,381</u>	<u>1,027,514</u>	<u>1,651,895</u>
Cash Flows from Noncapital Financing Activities:			
Payments from (to) Other Funds	<u>286,540</u>	<u>982,090</u>	<u>1,268,630</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>286,540</u>	<u>982,090</u>	<u>1,268,630</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Long-Term Debt	(140,810)	(185,000)	(325,810)
Net Proceeds from Debt	104,006	-	104,006
Interest Paid on Debt	(17,115)	(175,263)	(192,378)
Customer Deposits	(1,931)	13,859	11,928
Capital Contributions	35,207	15,688	50,895
Cash Payments for Capital Assets	<u>(484,917)</u>	<u>(558,451)</u>	<u>(1,043,368)</u>
Net Cash Provided (Used) by Capital Related Financing Activities	<u>(505,560)</u>	<u>(889,167)</u>	<u>(1,394,727)</u>
Cash Flows from Investing Activities:			
Interest Received	<u>15,645</u>	<u>19,337</u>	<u>34,982</u>
Net Cash Provided by Investing Activities	<u>15,645</u>	<u>19,337</u>	<u>34,982</u>
Net Change in Cash and Cash Equivalents	421,006	1,139,774	1,560,780
Cash and Cash Equivalents, Beginning of Year	<u>3,136,780</u>	<u>3,791,304</u>	<u>6,928,084</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,557,786</u>	<u>\$ 4,931,078</u>	<u>\$ 8,488,864</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 235,324	\$ 1,125,883	\$ 1,361,207
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	498,384	528,222	1,026,606
(Increase) Decrease in Assets:			
Accounts Receivables	14,544	(129,511)	(114,967)
Unbilled Revenue	(80,410)	(149,060)	(229,470)
Increase (Decrease) in Liabilities:			
Accrued Payroll and Benefits	(3,705)	(9,918)	(13,623)
Accounts Payable	(39,756)	(256,656)	(296,412)
Deferred Fees	-	(81,446)	(81,446)
Net Cash Provided by Operating Activities	<u>\$ 624,381</u>	<u>\$ 1,027,514</u>	<u>\$ 1,651,895</u>
Reconciliation of Total Cash and Cash Equivalents			
Current Assets	\$ 3,523,140	\$ 4,793,854	\$ 8,316,994
Restricted Assets	<u>34,646</u>	<u>137,224</u>	<u>171,870</u>
Total Cash and Cash Investments	<u>\$ 3,557,786</u>	<u>\$ 4,931,078</u>	<u>\$ 8,488,864</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - POLICE PENSION TRUST FUND
APRIL 30, 2013

Assets

Cash and Cash Equivalents	\$ 135,334
Investments	3,143,069
Receivables (Net of Allowance for Doubtful Accounts):	
Property Tax	280,000
Interest	<u>9,736</u>
Total Assets	<u>3,568,139</u>

Liabilities

None	<u>-</u>
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Net Position

Held in Trust For Pension Benefits and Other Purposes	<u>\$ 3,568,139</u>
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The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - POLICE PENSION TRUST FUND
FOR THE YEAR ENDED APRIL 30, 2013

Additions:

Employer Contributions	\$ 279,379
Employee Contributions	77,077

Investment Earnings:

Interest and Dividends	70,408
Gain (Loss) on Sale of Investments	(21,650)
Net Appreciation in Fair Value of Investments	159,169
Total Investment Earnings	<u>207,927</u>
Less: Investment Expense	<u>10,592</u>
Net Investment Earnings	<u>197,335</u>
Total Additions	<u>553,791</u>

Deductions:

Benefit Payments	74,956
Administrative Expenses	<u>9,226</u>
Total Deductions	<u>84,182</u>

Change in Net Position	469,609
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Net Position - Beginning of Year	<u>3,098,530</u>
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Net Position - End of Year	<u><u>\$ 3,568,139</u></u>
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The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mascoutah (City) was incorporated in 1921. The City is a home rule unit of government and operates under a managerial council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, culture and recreation (library and parks), health and welfare (ambulance service), electric and water distribution, sewage treatment, public improvements, planning and zoning and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(a) The financial reporting entity

The City is a political subdivision of the State of Illinois. These financial statements present the government and its component units. Component units are legally separate entities for which the City is financially accountable. The City defines its reporting entity in accordance with Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. Component units are organizations for which the City, as the primary government, is financially accountable. To be considered financially accountable, the organization must be fiscally dependent on the City or the City must appoint a majority of the board of the organization and either (1) be able to impose its will on the organization or (2) the relationship must have the potential for creating a financial benefit to or imposing a financial burden on the City. The City did not have any component units at April 30, 2013.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government.

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.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, permits and fees associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized, when applicable, as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other revenues that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are recorded in the General Fund.

The government reports the following major proprietary funds:

The Waterworks and Sewerage Fund and the Electric Light Fund account for all activities related to the billing, administration, distribution and collection processes of the water, sewer and electric operations. The City operates the water and electric distribution systems as well as the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the government reports the following fund type:

The pension trust fund accounts for the activities of the police pension fund, which accumulates resources for pension benefit payments to qualified public safety employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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.

(d) Assets, liabilities and net assets or equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less.

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America. The pension trust fund and cemetery trust fund are also allowed to invest limited percentages of their monies in mutual funds and equity securities.

Fixed-income securities are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Unbilled water, sewer and electric service receivables are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

The City levied its property taxes on December 3, 2012 based upon the assessed valuation as of the previous January 1. Property taxes are due in two installments in the following year, usually in June and August, and are considered delinquent after the due dates. Property taxes for 2012 become an enforceable lien in January 2013. Because this tax levy will be used to pay for expenses budgeted in fiscal year 2014, this tax levy is shown as a receivable and as deferred revenue as of April 30, 2013 in the governmental funds statements and eliminated in the statement of activities. Tax revenues reflected in these financial statements are taxes collected on the 2011 levy.

Restricted assets

Governmental Activities

Park Maintenance Trust Reserve – The reserve for park maintenance was created to restrict the use of all resources contributed to or earned by the Park Board Leu Fund. The restriction was mandated by a donor trust agreement.

Cemetery Maintenance Trust – The reserve for cemetery maintenance was created to restrict the use of all resources contributed to or earned by the Cemetery Trust Fund. The restriction was mandated by a declaration of trust.

Business-Type Activities

Deposits – These accounts accumulate to provide funds to offset the existing liability for customer utility deposits.

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government generally defines capital assets as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of two years. Assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The City hired a valuation and consulting firm to perform an initial valuation of the fixed assets of the City. This valuation was used as the historical basis for the value of the assets reported in the governmental type activities. Subsequent fixed asset additions are based on amounts as recorded by the City in the accounting records.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10 - 40
Buildings and improvements	25 - 50
Infrastructure	25
Distribution systems	20 - 25
Vehicles	5 - 15
Office and other equipment	5 - 20

Compensated absences

The City allows employees to accumulate unused sick leave to a maximum of 300 hours (320 hours for police officers). Earned vacation time is required to be used within one year of accrual. Upon termination, up to 300 hours of accumulated sick leave (320 hours for police officers) and any accumulated vacation that has not been taken due to work-related assignments, will be paid to the employee.

Sick leave in excess of 300 hours is accumulated and tracked for IMRF applicable employees. Sick leave in excess of 320 hours for police officers is paid to the employee on or near December 1st. Employees may request to be paid for any and all sick leave at any time.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. The City has entered into an agreement with IMLRMA, an intergovernmental association formed pursuant to Article VII, Section 10 of the Illinois Constitution of 1970, to provide the City insurance coverage.

There has been no significant reduction in coverage from the prior year.

Fund equity

In the fund financial statements, the City classifies the fund balances based upon the following criteria:

Nonspendable - includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

Restricted - balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

CITY OF MASCOUATAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Assigned - balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - the residual classification of the General Fund balance.

The following details the description and amount of all constraints recorded by the City in the fund financial statements:

Governmental Funds

Nonspendable:

Cemetery Trust	325,518
Park Board Leu	2,500
	<u>\$ 328,018</u>

Restricted:

Debt Service	\$ 138,342
TIF #2B	747,635
Public Library	255,337
Motor Fuel Tax	326,284
Retirement Fund	191,090
	<u>\$1,658,688</u>

Fiduciary Funds

Reserved for Employees' Pension

Benefits	<u>\$3,568,139</u>
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Budget Policy and Practices

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed budget ordinance for the fiscal year commencing May 1.
2. A public hearing at the City Hall is conducted to obtain taxpayer comments.
3. Prior to May 1, the budget is legally enacted through the passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Enterprise Funds.
5. Unexpended budgets for all the above annually budgeted funds lapse at the fiscal year end.
6. The budget is prepared on a cash basis of accounting.

CITY OF MASCOUATAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Excess Expenditures/Expenses Over Appropriations
 Actual expenditures exceeded budgeted amounts in the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>
Playground & Recreation Fund	\$ 296,620	\$ 495,255
General Fund	2,219,080	2,233,886

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Governmental & Business-Type Activities

At April 30, 2013, the carrying amount of the City's deposits was \$10,478,362 and the bank balance was \$10,743,695. The deposits were comprised of interest checking accounts, savings accounts and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name. As of April 30, 2013, the City's deposits were covered entirely by FDIC insurance or collateralized by the financial institutions.

At April 30, 2013, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
Repurchase Agreements - Sweep	Daily	\$ 260,000
Cash on Hand		600
Deposits as reported above		<u>10,478,362</u>
Total deposits and investments		<u>\$ 10,738,962</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 10,175,759
Investments		68,248
Cash and Cash Equivalents - Restricted		<u>494,955</u>
		<u>\$ 10,738,962</u>

Interest Rate Risk. The City's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2013, the City did not have a credit risk.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Concentration of Credit Risk. As of April 30, 2013, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2013, the City did not have a foreign currency risk.

Police Pension Fund

At April 30, 2013, the carrying amount and the bank balance of the Police Pension Fund's deposits was \$579,593. The deposits are comprised of an interest checking account, saving accounts and certificates of deposits.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Police Pension Fund's name.

As of April 30, 2013, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Mutual Funds	--	\$ 1,439,819
FHLB	8.89	400,667
FHLMC	8.12	150,646
Municipal Bonds	2.37	502,337
Corporate Bonds	3.05	205,341
Deposits as reported above		579,593
Total deposits and investments		<u>\$ 3,278,403</u>

Interest Rate Risk. The Police Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2013, the Police Pension Fund had investments in municipal bonds with Moody's ratings of AA2 to A1 and Standards & Poors ratings of AA+ to A.

Concentration of Credit Risk. As of April 30, 2013, the Police Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2013, the Police Pension Fund did not have a foreign currency risk.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: RECEIVABLES

City receivables, as reported in the statement of net assets, including the applicable allowances for uncollectible accounts, are as follows as of April 30, 2013:

	<u>General</u>	<u>Enterprise Funds</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:				
Licenses/Fees/Other	\$ 45,629	\$ 123,383	\$ 12,657	\$ 181,669
Accounts	-	1,271,282	141,696	1,412,978
Intergovernmental	<u>477,731</u>	<u>-</u>	<u>12,869</u>	<u>490,600</u>
Gross Receivables	523,360	1,394,665	167,222	2,085,247
Less: Allowance for uncollectible	<u>-</u>	<u>104,358</u>	<u>98,745</u>	<u>203,103</u>
Net Total Receivables	<u>\$523,360</u>	<u>\$1,290,307</u>	<u>\$ 68,477</u>	<u>\$1,882,144</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

NOTE 4: LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The City has the following outstanding general obligation bond issues:

General Obligation Bonds

General Obligation Bonds, Series 2005 due in annual installments of \$115,000 to \$120,000 through January 1, 2016; interest at 3.95% to 4.10%. The bonds and related interest are being retired by the Debt Service Fund and the General Fund. The amount of bonds outstanding as of April 30, 2013 is \$355,000.

General Obligation Bonds, Series 2008 due in annual installments of \$190,000 to \$520,000 through November 1, 2027; interest at 3.60% to 5.25%. The bonds and related interest are being retired by the Debt Service Fund and the Electric Light Fund. The amount of bonds outstanding as of April 30, 2013 is \$5,515,000.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual requirements to retire general obligation bonds as of April 30, 2013 are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 115,000	\$ 51,257	\$ 190,000	\$ 85,859
2015	120,000	83,648	195,000	164,879
2016	120,000	78,788	205,000	157,664
2017	85,000	73,868	215,000	149,771
2018	110,000	70,467	220,000	141,171
2019-2023	635,000	267,569	1,280,000	534,429
2024-2028	795,000	112,785	1,585,000	224,182
	<u>\$ 1,980,000</u>	<u>\$ 738,382</u>	<u>\$ 3,890,000</u>	<u>\$ 1,457,955</u>

Notes Payable

On May 22, 1998, the City entered into a loan agreement with the Illinois Environmental Protection Agency for \$689,008. The loan provided funding for a joint-use sewer project for sewer lines to Mid-America Airport. The loan is to be repaid in 40 semi-annual installments of \$23,180, including interest at 2.89 percent. The note and related interest are being retired by the Waterworks and Sewerage Fund. The outstanding balance as of April 30, 2013 is \$194,311.

On June 20, 2007, the City entered into a loan agreement with Citizens Community Bank for \$435,300 to purchase land. The loan is due on demand, but if no demand is made, the loan is to be repaid in 59 monthly installments of \$2,983, including interest at 5.45 percent. The loan and related interest are being retired by the Playground & Recreation Fund. The outstanding balance as of April 30, 2013 is \$89,987.

On April 24, 2009, the City entered into a loan agreement with the Illinois Environmental Protection Agency for \$3,188,881. The loan is being used to provide funding for the construction and rehabilitation of lift stations. The loan is to be paid in 39 semi-annual installments of \$60,782, including interest at 2.5 percent. The note and related interest are being retired by the Waterworks and Sewerage Fund. The outstanding balance as of April 30, 2013 is \$2,127,370.

On July 6, 2009, the City entered into a loan agreement with the Illinois Environmental Protection Agency for \$729,835. The loan is being used to provide funding for improvements and replacement of parts of the water distribution system. The loan is to be paid in 39 interest-free semi-annual installments of \$13,993. The note is being retired by the Waterworks and Sewerage Fund. The outstanding balance as of April 30, 2013 is \$475,756.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On November 5, 2009, the City entered into a loan agreement with Farmers & Merchants National Bank for \$450,000 to provide funding for special service area improvements. The loan is due to be repaid in 360 monthly installments, including interest at 4.00 percent. The loan and related interest are being retired by the Special Service Area Fund. The outstanding balance as of April 30, 2013 is \$350,275.

On August 15, 2011, the City entered into a loan agreement with Farmers & Merchants National Bank for \$120,800 to purchase an ambulance. The loan is due on demand, but if no demand is made, the loan is to be repaid in 5 annual installments of \$22,049, including interest at 3.75 percent. The loan and related interest are being retired by the Ambulance Fund. The outstanding balance as of April 30, 2013 is \$80,506.

The City entered into a loan agreement with the IEPA on August 28, 2011 to provide funding for sewer infrastructure improvements. The loan, in the total approved amount of \$866,575, is being drawn on as needed to provide funding for the improvements. The loan is to be repaid in 40 semi-annual installments including interest at 1.25 percent. The outstanding balance as of April 30, 2013 is \$622,376.

On July 26, 2012, the City entered into a loan agreement with Citizens Community Bank for \$1,050,000 to retire the 1998 and 2001A bonds. The loan is due on demand, but if no demand is made, the loan is to be repaid in 10 semi-annual installments of \$111,374, including interest at 2.17 percent. The outstanding balance as of April 30, 2013 is \$948,280.

On October 29, 2012, the City entered into a loan agreement with Citizens Community Bank for \$40,000 to purchase two police vehicles. The loan is due on demand, but if no demand is made, the loan is to be repaid in 2 annual installments of \$20,678, including interest at 2.25 percent. The loan and related interest are being retired by the General Fund. The outstanding balance as of April 30, 2013 is \$40,000.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual requirements to retire the loan agreements are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 1,088,942	\$ 24,010	\$ 219,802	\$ 13,010
2015	20,875	16,195	221,363	11,449
2016	28,477	20,705	222,963	9,848
2017	29,573	19,609	224,604	8,208
2018	12,577	18,537	203,105	6,527
2019-2023	44,873	85,741	907,154	25,105
2024-2029	58,652	71,963	917,398	14,858
2030-2033	76,636	53,977	503,424	4,067
2034-2038	100,212	30,401	-	-
2039-2040	48,231	4,015	-	-
	<u>\$ 1,509,048</u>	<u>\$ 345,153</u>	<u>\$ 3,419,813</u>	<u>\$ 93,072</u>

The following is a summary of changes in long-term liabilities for the year ended April 30, 2013.

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 3,205,000	\$ -	\$ 1,225,000	\$ 1,980,000	\$ 115,000
Notes payable	788,463	1,090,000	369,415	1,509,048	1,088,942
Compensated absences	216,134	62,808	-	278,942	-
Pension obligations	190,797	-	7,348	183,449	-
Governmental activities long-term liabilities	<u>\$ 4,400,394</u>	<u>\$ 1,152,808</u>	<u>\$ 1,601,763</u>	<u>\$ 3,951,439</u>	<u>\$ 1,203,942</u>
<u>Business-type Activities:</u>					
General obligation bonds	\$ 4,075,000	\$ -	\$ 185,000	\$ 3,890,000	\$ 190,000
Notes payable	3,673,261	-	253,448	3,419,813	219,802
Compensated absences	74,501	-	3,806	70,695	-
Business-type activities long-term liabilities	<u>\$ 7,822,762</u>	<u>\$ -</u>	<u>\$ 442,254</u>	<u>\$ 7,380,508</u>	<u>\$ 409,802</u>

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2013 was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 809,354	\$ -	\$ -	\$ 809,354
Capital assets, being depreciated:				
Land improvements	790,879	94,425	-	885,304
Buildings and improvements	5,173,727	40,832	-	5,214,559
Equipment	1,466,040	15,523	96,319	1,385,244
Vehicles	2,518,454	124,078	222,706	2,419,826
Infrastructure	8,559,189	1,020,603	-	9,579,792
Total capital assets being depreciated	18,508,289	1,295,461	319,025	19,484,725
Less accumulated depreciation for:				
Land improvements	390,834	13,326	-	404,160
Buildings and improvements	2,063,175	130,378	-	2,193,553
Equipment	1,220,293	59,405	95,924	1,183,774
Vehicles	1,570,612	164,234	218,509	1,516,337
Infrastructure	2,218,127	214,599	-	2,432,726
Total accumulated depreciation	7,463,041	581,942	314,433	7,730,550
Total capital assets, being depreciated, net	11,045,248	713,519	4,592	11,754,175
Governmental activities capital assets, net	\$11,854,602	\$ 713,519	\$ 4,592	\$12,563,529
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 137,350	\$ -	\$ -	\$ 137,350
Capital assets, being depreciated:				
Buildings and improvements	8,430,023	256,580	-	8,686,603
Distribution systems	26,470,836	858,443	-	27,329,279
Equipment	660,847	5,053	-	665,900
Vehicles	1,218,640	26,329	-	1,244,969
Total capital assets, being depreciated	36,780,346	1,146,405	-	37,926,751
Less accumulated depreciation for:				
Buildings and improvements	5,871,824	161,457	-	6,033,281
Distribution systems	6,486,788	701,255	-	7,188,043
Equipment	346,737	32,010	-	378,747
Vehicles	532,995	131,884	-	664,879
Total accumulated depreciation	13,238,344	1,026,606	-	14,264,950
Total capital assets, being depreciated, net	23,542,002	119,799	-	23,661,801
Business-type activities capital assets, net	\$23,679,352	\$ 119,799	\$ -	\$23,799,151

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Depreciation expense was charged as direct expense to functions of the City as follows:

Governmental activities:		
General government	\$	46,035
Public safety		114,034
Streets and highways, including depreciation of general infrastructure assets		266,186
Health and welfare		27,926
Cultural and recreational		127,761
Total depreciation expense - governmental activities	\$	<u>581,942</u>
Business-type activities:		
Electric, waterworks and sewerage	\$	<u>1,026,606</u>

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

The following is a schedule of interfund receivables and payables for the year ending April 30, 2013.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 12,817	\$ 314,933
Fire Fund	-	330,000
TIF #1 Fund	-	729,300
Public Library Fund	-	12,817
Special Service Area Fund	-	36,640
Playground and Recreation Fund	-	291,956
Ambulance Fund	-	613,500
Cemetery Trust Fund	4,933	-
Waterworks and Sewerage Fund	366,640	-
Electric Light Fund	<u>1,944,756</u>	<u>-</u>
Totals	<u>\$ 2,329,146</u>	<u>\$ 2,329,146</u>

NOTE 7: RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

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 Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 12.04 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2012 was \$260,689.

Three-Year Trend Information for IMRF

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 260,689	100%	\$ -
12/31/2011	260,318	100%	-
12/31/2010	252,517	93%	-

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was 70.23 percent funded. The actuarial accrued liability for benefits was \$5,744,528 and the actuarial value of assets was \$4,034,649, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,709,879. The covered payroll for calendar year 2012 (annual payroll of active

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

employees covered by the plan) was \$2,165,194 and the ratio of the UAAL to the covered payroll was 79 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Pension Fund

a) **Plan Description and Contribution Information**

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 – Act 5, Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2013 was \$777,770.

At April 30, 2013, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	3
Current Employees	<u>12</u>
Total	<u>15</u>

The following is a summary of the Police Pension Plan as provided in the Illinois Compile Statutes:

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

reduced benefit. The monthly pension 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% of the current pension.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded. The City is required to contribute the remaining amount necessary to finance the plan as actuarially determined by an enrolled actuary.

Beginning January 1, 2011, several changes were implemented for all new officers. These changes include:

- An officer age 55 or more must now have 10 years of creditable service to receive a monthly pension of 2.50 percent for each year of service
- An officer retiring at age 50 shall have their pension reduced by 1% for each month under the age of 55.
- The maximum salary for calculation of benefits shall not exceed \$106,800, to be adjusted for inflation.
- Pension payment increases shall be limited based on inflationary rates.
- Changes required funding date to 2040 and provides for required measures by the State Comptroller to ensure the municipalities are providing the required funding.

b) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Fixed-income and equity securities are reported at fair value in accordance with GASB 25. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

c) Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 268,891
Interest on net pension obligation	11,448
Adjustment to annual required contribution	<u>(8,308)</u>
Annual pension cost	272,031
Contributions made - tax levy	<u>279,379</u>
Decrease in net pension obligation	(7,348)
Net pension obligation beginning of year	<u>190,797</u>
Net pension obligation end of year	<u><u>\$ 183,449</u></u>

The annual required contribution for the current year was determined by an estimation of the City of the calculated amounts based on prior actuarial valuations performed by the State of Illinois using the entry age normal cost method. In prior years, the actuarial assumptions included (a) 6.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% per year. Both (a) and (b) included an inflation component of 1.25%. The actuarial value of assets was determined using amortized costs. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013, was 27 years.

Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
04/30/12	\$ 272,031	102.70%	\$ 183,449
04/30/11	196,225	101.84%	190,797
04/30/10	194,920	101.30%	194,368

d) Concentration

The City's Police Pension fund did not have a concentration of 5% or more of its net position in any single organizations.

e) Legally Required Reserves

The Police Pension fund has legally required reserves of \$3,568,139.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended April 30, 2013:

General Fund Transfer From (To):	
Cemetery Trust Fund	\$ 5,500
IMRF Fund	115,412
Debt Service Fund	(29,354)
TIF #1 Fund Transfer (To):	
Debt Service Fund	(47,407)
TIF #2 Fund Transfer (To):	
Water and Sewer Fund	(242,247)
Ambulance Fund Transfer From:	
IMRF Fund	34,014
IMRF Fund Transfer (To):	
General Fund	(115,412)
Ambulance Fund	(34,014)
Playground and Recreation Fund Transfer From:	
Water and Sewer Fund	2,000
Debt Service Fund Transfer From (To):	
General Fund	29,354
TIF #1 Fund	47,407
Electric Light Fund	82,030
Water and Sewer Fund	34,252
Capital Projects Fund Transfer From (To):	
Electric Light Fund	4,158,986
Water and Sewer Fund Transfer From:	
TIF #2 Fund	242,247
Playground and Recreation Fund	(2,000)
Debt Service Fund	(34,252)
Electric Light Fund Transfer From (To):	
Debt Service Fund	(82,030)
Capital Projects Fund	(4,158,986)
Cemetery Trust Fund Transfer (To):	
General Fund	(5,500)
	<u>\$ -</u>

The City makes various transfers to reimburse funds for expenses that are related to or shared by one fund and paid for by another fund. The transfers are primarily related to debt service payments and IMRF reimbursements.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 9: SUBSEQUENT EVENTS

The City has evaluated events occurring after the financial statement date through July 29, 2013 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

The City has become aware of potential litigation related to old City transformers that were shipped to the Ward Transformer EPA Superfund Site in Raleigh, North Carolina. The transformers allegedly leaked contaminants into the soil at the site. The City is not presently involved in any action and denies any liability. If the City is found responsible, the amount of the loss in an unfavorable outcome is uncertain.

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2013, The City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, unamortized debt issuance costs of \$37,627 in the Governmental Activities and \$41,217 in the Business-type Activities, as of April 30, 2012, have been adjusted to the beginning net position balances.

CITY OF MASCOUTAH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND FOR THE YEAR ENDED APRIL 30, 2013

	Budgeted Amounts		Actual
	Original	Final	(Budget Basis)
Receipts:			
Property Tax	\$ 500,800	\$ 500,800	\$ 498,351
Utility Tax	346,410	346,410	350,972
Hotel Tax	46,580	46,580	43,963
Intergovernmental	1,551,211	1,551,211	1,776,869
Licenses and Permits	96,340	96,340	69,304
Charges for Services	333,935	333,935	361,690
Fines and Forfeitures	19,600	19,600	23,336
Investment Earnings	1,900	1,900	1,914
Miscellaneous	7,980	7,980	10,222
Total Receipts	<u>2,904,756</u>	<u>2,904,756</u>	<u>3,136,621</u>
Disbursements			
Current:			
General Government	306,730	306,730	294,395
Public Safety	1,368,400	1,368,400	1,433,660
Streets and Highways	457,050	457,050	427,669
Development	32,400	32,400	20,311
Capital Outlay	54,500	54,500	57,851
Total Disbursements	<u>2,219,080</u>	<u>2,219,080</u>	<u>2,233,886</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>685,676</u>	<u>685,676</u>	<u>902,735</u>
Other Financing Sources:			
Transfers In	88,365	88,365	80,393
Transfers Out	<u>(25,250)</u>	<u>(25,250)</u>	<u>(29,354)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ 748,791</u>	<u>\$ 748,791</u>	953,774
Change for reporting on modified accrual basis:			
Change in intergovernmental revenue on modified accrual basis			(132,039)
Change in utility tax revenue on modified accrual basis			(74)
Change in other receivables on modified accrual basis			(1,183)
Change in accrued salaries on modified accrual basis			2,076
Change in franchise fee revenue on modified accrual basis			2,052
Change in accounts payable on modified accrual basis			227,009
Change in transfer amount from other funds			<u>(4,933)</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 1,046,682</u>

CITY OF MASCOUTAH, ILLINOIS

**SCHEDULE OF POLICE PENSION
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2013**

	Fiscal Year					
	2012	2010	2009	2008	2007	2006
Actuarial Value of Assets	\$ 3,164,876	\$ 2,524,659	\$ 2,162,610	\$ 2,057,820	\$ 1,909,858	\$ 1,702,372
Actuarial Accrued Liability (AAL)	4,753,919	3,760,155	3,335,468	3,010,196	2,715,354	2,307,146
Unfunded AAL (UAAL)	1,589,043	1,235,496	1,172,858	952,376	805,496	604,774
Funded Ratio	66.57%	67.14%	64.84%	68.36%	70.34%	73.79%
Covered Payroll	760,412	708,789	667,905	553,935	724,170	662,182
UAAL as a % of Covered Payroll	208.97%	174.31%	175.60%	171.93%	111.23%	91.33%
Employer Contributions:						
Required	268,891	191,234	177,698	146,195	171,049	149,334
Made	279,379	197,454	183,816	152,109	98,775	93,638
Percentage of Employer Contributions						
Made to Required Contributions	103.90%	103.25%	103.44%	104.05%	57.75%	62.70%

The City did not have an actuarial performed for April 30, 2011. The City levied taxes for the contribution based on estimated amounts. The 2012 actuarial amount, as determined by the State, was levied in December 2012 and collected in fiscal year 2014.

The actuarial valuations presented are prepared by the Illinois Department of Insurance using the following parameters:

Actuarial Cost Method:	Projected Unit Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	28 Years
Asset Valuation Method:	Market
Actuarial Assumptions:	
Interest Rate	6.0%
Payroll Growth	4.5%
Cost of Living	
Adjustments	1.25% Tier 2

CITY OF MASCOUTAH, ILLINOIS

**SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2013**

	Calendar Year					
	2012	2011	2010	2009	2008	2007
Actuarial Value of Assets	\$ 4,034,649	\$ 3,402,151	\$ 3,701,027	\$ 4,000,956	\$ 3,560,676	\$ 3,830,620
Actuarial Accrued Liability (AAL)	5,744,528	5,140,361	5,187,090	5,289,040	4,705,645	4,257,151
Unfunded AAL (UAAL)	1,709,879	1,738,210	1,486,063	1,288,084	1,144,969	426,531
Funded Ratio	70.23%	66.19%	71.35%	75.65%	75.67%	89.98%
Covered Payroll	2,165,194	2,238,333	2,224,822	2,135,653	2,081,213	2,000,778
UAAL as a % of Covered Payroll	78.97%	77.66%	66.79%	60.31%	55.01%	21.32%
Employer Contributions:						
Required	260,689	260,318	252,517	205,023	197,299	184,872
Made	260,689	260,318	234,941	205,023	197,299	184,872
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	100.00%	93.04%	100.00%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$3,185,312.

On a market basis, the funded ratio would be 61.97 percent.

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

Actuarial Cost Method:	Entry Age Normal Actuarial Cost
Amortization Method:	Level Percentage of Projected Payroll
Remaining Amortization Period:	Open 30 Year Basis
Asset Valuation Method:	Techniques that smooth the effects of short term volatility over a five year period.
Actuarial Assumptions:	
Interest Rate	7.5 %
Salary Progression	4.4 - 14.0 %
Cost of Living	
Adjustments	3.0 %

CITY OF MASCOUTAH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2013

	Total Special Revenue	Debt Service	Capital Projects	Permanent Funds			Total Nonmajor Governmental Funds
				Cemetery Trust	Park Board Leu	Total	
<u>Assets</u>							
Cash and Cash Equivalents	\$ 1,659,077	\$ 138,342	\$ -	\$ -	\$ -	\$ -	\$ 1,797,419
Receivables (Net of Allowance for Doubtful Accounts):							
Property Tax	1,045,500	209,000	-	-	-	-	1,254,500
Intergovernmental	12,869	-	-	-	-	-	12,869
Other	55,608	-	-	-	-	-	55,608
Due from Other Funds	-	-	-	4,933	-	4,933	4,933
Restricted Cash and Investments	-	-	-	320,585	2,500	323,085	323,085
Total Assets	<u>\$ 2,773,054</u>	<u>\$ 347,342</u>	<u>\$ -</u>	<u>\$ 325,518</u>	<u>\$ 2,500</u>	<u>\$ 328,018</u>	<u>\$ 3,448,414</u>
<u>Liabilities and Fund Balance</u>							
Liabilities:							
Accrued Payroll and Benefits	\$ 9,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,729
Accounts Payable	74,406	-	-	-	-	-	74,406
Due to Other Funds	2,014,213	-	-	-	-	-	2,014,213
Deferred Revenue	1,032,000	209,000	-	-	-	-	1,241,000
Total Liabilities	<u>3,130,348</u>	<u>209,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,339,348</u>
Fund Balances:							
Nonspendable	-	-	-	325,518	2,500	328,018	328,018
Restricted For:							
Debt Service	-	138,342	-	-	-	-	138,342
Revenue Restrictions	1,520,346	-	-	-	-	-	1,520,346
Unassigned	(1,877,640)	-	-	-	-	-	(1,877,640)
Total Fund Balances	<u>(357,294)</u>	<u>138,342</u>	<u>-</u>	<u>325,518</u>	<u>2,500</u>	<u>328,018</u>	<u>109,066</u>
Total Liabilities and Fund Balances	<u>\$ 2,773,054</u>	<u>\$ 347,342</u>	<u>\$ -</u>	<u>\$ 325,518</u>	<u>\$ 2,500</u>	<u>\$ 328,018</u>	<u>\$ 3,448,414</u>

CITY OF MASCOUTAH, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2013

	Total Special Revenue	Debt Service	Capital Projects	Permanent Funds			Total Nonmajor Governmental Funds
				Cemetery Trust	Park Board Leu	Total	
Revenues:							
Property Tax	\$ 1,910,567	\$ 267,661	\$ -	\$ -	\$ -	\$ -	\$ 2,178,228
Intergovernmental	386,997	-	-	-	-	-	386,997
Licenses, Permits and Fees	19,674	-	-	-	-	-	19,674
Charges for Services	418,461	-	-	4,933	-	4,933	423,394
Fines and Forfeitures	6,336	-	-	-	-	-	6,336
Investment Income	7,508	648	5,132	4,485	-	4,485	17,773
Contributions	7,134	-	-	-	-	-	7,134
Miscellaneous	239,394	-	-	-	-	-	239,394
Total Revenues	<u>2,996,071</u>	<u>268,309</u>	<u>5,132</u>	<u>9,418</u>	<u>-</u>	<u>9,418</u>	<u>3,278,930</u>
Expenditures:							
Current:							
Public Safety	60,479	-	-	-	-	-	60,479
Streets and Highways	86,760	-	-	-	-	-	86,760
Development	287,194	-	-	-	-	-	287,194
Health & Welfare	554,728	-	-	-	-	-	554,728
Cultural and Recreational	696,016	-	-	-	-	-	696,016
Capital Outlay	544,832	-	524,579	-	-	-	1,069,411
Debt Service:							
Principal	260,606	1,326,720	-	-	-	-	1,587,326
Interest and Fiscal Charges	29,798	142,913	-	-	-	-	172,711
Total Expenditures	<u>2,520,413</u>	<u>1,469,633</u>	<u>524,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,514,625</u>
Excess (Deficiency) of Revenues Over Expenditures	475,658	(1,201,324)	(519,447)	9,418	-	9,418	(1,235,695)
Other Financing Sources (Uses):							
Proceeds From Debt	-	1,050,000	-	-	-	-	1,050,000
Transfers In	57,286	195,354	4,158,986	-	-	-	4,411,626
Transfers Out	(460,352)	-	(2,311)	(5,500)	-	(5,500)	(468,163)
Total Other Financing Sources (Uses)	<u>(403,066)</u>	<u>1,245,354</u>	<u>4,156,675</u>	<u>(5,500)</u>	<u>-</u>	<u>(5,500)</u>	<u>4,993,463</u>
Net Change in Fund Balances	72,592	44,030	3,637,228	3,918	-	3,918	3,757,768
Fund Balances, Beginning of Year	<u>(429,886)</u>	<u>94,312</u>	<u>(3,637,228)</u>	<u>321,600</u>	<u>2,500</u>	<u>324,100</u>	<u>(3,648,702)</u>
Fund Balances, End of Year	<u>\$ (357,294)</u>	<u>\$ 138,342</u>	<u>\$ -</u>	<u>\$ 325,518</u>	<u>\$ 2,500</u>	<u>\$ 328,018</u>	<u>\$ 109,066</u>

CITY OF MASCOUTAH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
APRIL 30, 2013

<u>Assets</u>										
	Fire	Playground & Recreation	Ambulance	Motor Fuel Tax	TIF #1	TIF #2B	Public Library	Illinois Municipal Retirement	Special Service Area	Total
Cash and Cash Equivalents	\$ 45,773	\$ 29,095	\$ 10,812	\$ 313,415	\$ 6,842	\$ 747,635	\$ 277,815	\$ 226,711	\$ 979	\$ 1,659,077
Receivables (Net of Allowance for Doubtful Accounts):										
Property Tax	130,000	201,000	261,500	-	-	-	323,000	130,000	-	1,045,500
Intergovernmental Accounts	-	-	-	12,869	-	-	-	-	-	12,869
	-	12,657	42,951	-	-	-	-	-	-	55,608
Total Assets	<u>\$ 175,773</u>	<u>\$ 242,752</u>	<u>\$ 315,263</u>	<u>\$ 326,284</u>	<u>\$ 6,842</u>	<u>\$ 747,635</u>	<u>\$ 600,815</u>	<u>\$ 356,711</u>	<u>\$ 979</u>	<u>\$ 2,773,054</u>
<u>Liabilities and Fund Balance</u>										
Liabilities:										
Accrued Payroll and Benefits	\$ -	\$ 1,902	\$ 4,919	\$ -	\$ -	\$ -	\$ 2,908	\$ -	\$ -	\$ 9,729
Accounts Payable	3,520	11,079	17,433	-	-	-	6,753	35,621	-	74,406
Due to Other Funds	330,000	291,956	613,500	-	729,300	-	12,817	-	36,640	2,014,213
Deferred Revenue	130,000	201,000	248,000	-	-	-	323,000	130,000	-	1,032,000
Total Liabilities	<u>463,520</u>	<u>505,937</u>	<u>883,852</u>	<u>-</u>	<u>729,300</u>	<u>-</u>	<u>345,478</u>	<u>165,621</u>	<u>36,640</u>	<u>3,130,348</u>
Fund Balance (Deficit):										
Restricted	-	-	-	326,284	-	747,635	255,337	191,090	-	1,520,346
Unassigned	<u>(287,747)</u>	<u>(263,185)</u>	<u>(568,589)</u>	<u>-</u>	<u>(722,458)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,661)</u>	<u>(1,877,640)</u>
Total Fund Balance (Deficit)	<u>(287,747)</u>	<u>(263,185)</u>	<u>(568,589)</u>	<u>326,284</u>	<u>(722,458)</u>	<u>747,635</u>	<u>255,337</u>	<u>191,090</u>	<u>(35,661)</u>	<u>(357,294)</u>
Total Liabilities and Fund Balance	\$ 175,773	\$ 242,752	\$ 315,263	\$ 326,284	\$ 6,842	\$ 747,635	\$ 600,815	\$ 356,711	\$ 979	\$ 2,773,054

CITY OF MASCOUTAH, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2013

	Fire	Playground & Recreation	Ambulance	Motor Fuel Tax	TIF #1	TIF #2B	Public Library	Illinois Municipal Retirement	Special Service Area	Total
Revenues:										
Property Tax	\$ 124,743	\$ 189,541	\$ 306,909	\$ -	\$ 149,692	\$ 646,227	\$ 314,730	\$ 176,446	\$ 2,279	\$ 1,910,567
Intergovernmental	-	115,000	-	215,823	-	-	56,174	-	-	386,997
Licenses, Permits and Fees	6,075	10,108	-	-	-	-	3,491	-	-	19,674
Charges for Services	-	160,370	256,205	-	-	-	1,886	-	-	418,461
Fines and Forfeitures	-	-	-	-	-	-	6,336	-	-	6,336
Investment Income	113	114	36	1,147	28	4,862	172	1,036	-	7,508
Contributions	-	-	-	-	-	-	7,134	-	-	7,134
Miscellaneous	-	235,017	5	-	-	-	4,372	-	-	239,394
Total Revenues	130,931	710,150	563,155	216,970	149,720	651,089	394,295	177,482	2,279	2,996,071
Expenditures:										
Current:										
Public Safety	60,479	-	-	-	-	-	-	-	-	60,479
Streets and Highways	-	-	-	86,760	-	-	-	-	-	86,760
Development	-	-	-	-	30,103	257,091	-	-	-	287,194
Health & Welfare	-	-	-	-	-	-	-	-	-	554,728
Cultural and Recreational	-	322,501	-	-	-	-	373,515	-	-	696,016
Debt Service:										
Principal	-	242,274	18,332	-	-	-	-	-	-	260,606
Interest and Fiscal Charges	-	12,032	3,717	-	-	-	-	-	14,049	29,798
Capital Outlay	2,045	32,990	5,830	-	-	480,074	23,893	-	-	544,832
Total Expenditures	62,524	609,797	582,607	86,760	30,103	737,165	397,408	-	14,049	2,520,413
Excess (Deficiency) of Revenues Over Expenditures	68,407	100,353	(19,452)	130,210	119,617	(86,076)	(3,113)	177,482	(11,770)	475,658
Other Financing Sources (Uses):										
Proceeds From Debt	-	-	-	-	-	-	-	-	-	-
Transfers In	-	2,000	34,014	-	21,272	-	-	-	-	57,286
Transfers Out	-	-	-	(21,272)	(47,407)	(242,247)	-	(149,426)	-	(460,352)
Total Other Financing Sources (Uses)	-	2,000	34,014	(21,272)	(26,135)	(242,247)	-	(149,426)	-	(403,066)
Net Change in Fund Balances	68,407	102,353	14,562	108,938	93,482	(328,323)	(3,113)	28,056	(11,770)	72,592
Fund Balance (Deficit), Beginning of Year	(356,154)	(365,538)	(583,151)	217,346	(815,940)	1,075,958	258,450	163,034	(23,891)	(429,886)
Fund Balance (Deficit), End of Year	\$ (287,747)	\$ (263,185)	\$ (568,589)	\$ 326,284	\$ (722,458)	\$ 747,635	\$ 255,337	\$ 191,090	\$ (35,661)	\$ (357,294)

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF TAX RATES, EXTENSIONS AND COLLECTIONS
APRIL 30, 2013

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Assessed Valuation	\$ 117,798,572	\$ 113,195,248	\$ 110,886,437	\$ 104,585,629	\$ 102,002,466	\$ 92,047,875	\$ 81,207,597	\$ 66,932,370	\$ 60,177,134	\$ 55,665,238
Tax Rates:										
General	\$ 0.3781	\$ 0.3870	\$ 0.3515	\$ 0.3252	\$ 0.2932	\$ 0.2707	\$ 0.2850	\$ 0.2114	\$ 0.2176	\$ 0.2028
Playground	0.1703	0.1679	0.1638	0.1688	0.1648	0.0826	0.0891	0.1080	0.1201	0.1298
Fire Protection	0.1105	0.1105	0.1030	0.1044	0.0882	0.0930	0.0842	0.1021	0.1135	0.1226
Ambulance	0.2107	0.1860	0.1604	0.1652	0.1411	0.1367	0.1089	0.1321	0.1469	0.1587
Police Pension	0.2375	0.1775	0.1794	0.1768	0.1492	0.1076	0.1161	0.1354	0.1447	0.1432
IMRF	0.1105	0.1563	0.1817	0.1928	0.1803	0.1665	0.1382	0.1611	0.1448	0.1325
Bond and Interest	0.1770	0.2371	0.2360	0.2537	0.2397	0.2270	0.2421	0.2271	0.2428	0.2523
Library	0.2740	0.2788	0.2700	0.2754	0.2517	0.2533	0.2737	0.3168	0.3361	0.3463
	\$ 1.6686	\$ 1.7011	\$ 1.6458	\$ 1.6623	\$ 1.5082	\$ 1.3374	\$ 1.3373	\$ 1.3940	\$ 1.4665	\$ 1.4882
Tax Extensions:										
General	\$ 445,396	\$ 438,066	\$ 389,766	\$ 340,113	\$ 299,071	\$ 249,174	\$ 231,442	\$ 141,495	\$ 130,945	\$ 112,891
Playground	200,611	190,055	181,632	176,541	168,100	76,032	72,356	72,287	72,273	72,253
Fire Protection	130,167	125,081	114,213	109,187	89,966	85,604	68,377	68,338	68,301	68,245
Ambulance	248,202	210,543	177,862	172,775	143,925	125,829	88,435	88,418	88,400	88,340
Police Pension	279,772	200,922	198,930	184,907	152,188	99,043	94,282	90,626	87,076	79,712
IMRF	130,167	176,924	201,481	201,641	183,910	153,260	112,229	107,828	87,137	73,756
Bond and Interest	208,503	268,386	261,692	265,334	244,500	208,949	196,603	152,003	146,110	140,443
Library	322,768	315,588	299,393	288,029	256,740	233,157	222,265	212,042	202,178	192,769
Total	\$ 1,965,586	\$ 1,925,565	\$ 1,824,969	\$ 1,738,527	\$ 1,538,400	\$ 1,231,048	\$ 1,085,989	\$ 933,037	\$ 882,420	\$ 828,409
Tax Collections	\$ -	\$ 1,920,332	\$ 1,814,823	\$ 1,724,723	\$ 1,524,461	\$ 1,236,866	\$ 1,079,295	\$ 931,226	\$ 882,162	\$ 826,864
Percentage Collected	0.00%	99.73%	99.44%	99.21%	99.09%	100.47%	99.38%	99.81%	99.97%	99.81%

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH TAX INCREMENT FINANCING ACT**

To the Mayor and City Council
City of Mascoutah, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the of the City of Mascoutah, Illinois as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City's 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 audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

Other Matters

The management of the City of Mascoutah, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the City of Mascoutah, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the City of Mascoutah, Illinois was not in compliance with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

C. J. Schmitt & Co. LLC

Certified Public Accountants

July 29, 2013