

CITY OF MASCOUTAH, ILLINOIS

FINANCIAL STATEMENTS AND
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
APRIL 30, 2014

CITY OF MASCOUTAH, ILLINOIS

TABLE OF CONTENTS APRIL 30, 2014

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet -- Governmental Funds	13
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance -- Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position -- Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Position -- Proprietary Funds	18
Statement of Cash Flows -- Proprietary Funds	19
Statement of Fiduciary Net Position -- Fiduciary Fund	20
Statement of Changes in Fiduciary Net Position -- Fiduciary Fund	21
Notes to Financial Statements	22 - 43
Required Supplementary Information:	
Budgetary Comparison Schedule (Cash Basis):	
General Fund	44
TIF 2B Fund	45
Schedule of Police Pension Funding Progress and Employer Contributions	46
Schedule of Illinois Municipal Retirement Funding Progress and Employer Contributions	47

CITY OF MASCOUTAH, ILLINOIS

TABLE OF CONTENTS (CONTINUED)
APRIL 30, 2014

	<u>Page</u>
Other Supplementary Information:	
Combining Fund Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	49
Combining Balance Sheet – Nonmajor Special Revenue Governmental Funds	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Governmental Funds	51
Schedule of Tax Rates, Extensions and Collections	52
Independent Auditor's Report on Compliance with Tax Increment Financing Act	53 - 54

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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

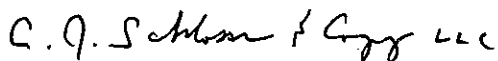
Required Supplementary Information

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 45) and schedules of funding progress and employer contributions (pages 46 to 47) 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 28, 2014

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, 2014. 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 two major funds: the General Fund and TIF 2B 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 \$39,444,632 at the close of the most recent fiscal year.

The largest portion of the City's net position (71.9%) 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, 2014	April 30, 2013	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Current and other assets	\$ 3,291,226	\$ 2,841,935	\$ 12,292,337	\$ 12,090,567	\$ 15,583,563	\$ 14,932,502
Capital assets	14,710,439	12,563,529	23,620,759	23,799,151	38,331,198	36,362,680
Total assets	18,001,665	15,405,464	35,913,096	35,889,718	53,914,761	51,295,182
Deferred outflows	5,428	8,683	-	-	5,428	8,683
Long-term liabilities						
outstanding	3,522,494	3,951,439	6,967,314	7,380,508	10,489,808	11,331,947
Other liabilities	3,075,382	2,611,483	910,367	595,972	3,985,749	3,207,455
Total liabilities	6,597,876	6,562,922	7,877,681	7,976,480	14,475,557	14,539,402
Net position:						
Invested in capital assets,						
net of related debt	11,650,336	9,074,481	16,715,264	16,489,338	28,365,600	25,563,819
Restricted	1,191,452	1,658,688	-	-	1,191,452	1,658,688
Unrestricted	(1,432,571)	(1,881,944)	11,320,151	11,423,900	9,887,580	9,541,956
Total net position	\$ 11,409,217	\$ 8,851,225	\$ 28,035,415	\$ 27,913,238	\$ 39,444,632	\$ 36,764,463

Total net position increased \$2,680,169 resulting in a balance of \$39,444,632 as of April 30, 2014. Current assets, which include cash, investments, accounts receivable and unbilled revenues, increased by \$651,061. This increase is due to an increase in accounts receivable for intergovernmental revenues and general revenues. Non-current assets increased \$1,968,518 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 \$842,139 for an ending total balance of \$10,489,808.

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

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	<u>2014</u>		<u>2013</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net invested in capital assets	71.9%	\$ 28,365,600	69.5%	\$ 25,563,819
Restricted	3.0%	1,191,452	4.5%	1,658,688
Unrestricted	25.1%	9,887,580	26.0%	9,541,956
Total net position	100.0%	\$ 39,444,632	100.0%	\$ 36,764,463

Total net position balances increased by \$2,680,169 in fiscal year 2014 to a total ending balance of \$39,444,632. Capital net asset balances increased in the current year due to capital asset purchases and a decrease in capital related 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>2014</u>	<u>2013</u>
Property tax	\$ 2,725,912	\$ 2,676,579
Water, sewer and electric charges	10,559,622	10,429,980
Other charges for services	821,658	780,818
Sales and use tax	721,279	705,600
State income tax	714,615	738,567
Motor fuel tax	223,839	215,823
Telecommunications tax	220,885	234,488
Corporate personal property tax	23,818	22,727
Utility tax	369,238	350,898
Franchise fees	127,097	121,758
Hotel tax	32,035	44,636
Investment earnings	45,841	54,669
Contributions/grants	530,512	645,189
Other miscellaneous	33,238	277,706
Total revenues	\$ 17,149,589	\$ 17,299,438

Total revenues decreased \$149,849 in the year ended April 30, 2014. Water, sewer and electric revenues increased \$129,642 largely due to service charges and connection fees. Property tax revenues increased \$49,333 over the prior year and other charges increased by \$40,840 in the current year. Other miscellaneous revenue decreased primarily due to the settlement payment from a class action lawsuit that was received in the prior year.

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

EXPENDITURES BY CATEGORY

GOVERNMENTAL ACTIVITIES

<u>Expenditures by category</u>	<u>2014</u>		<u>2013</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	2.7%	\$ 114,353	7.4%	\$ 342,886
Public safety	38.0%	1,634,055	35.7%	1,664,530
Streets and highways	20.6%	886,203	16.3%	759,139
Health and Welfare	13.7%	590,366	12.7%	593,544
Development	5.2%	221,592	6.6%	307,505
Cultural and recreational	16.9%	728,737	17.8%	830,397
Interest on long-term debt	2.9%	124,850	3.5%	160,796
Total expenditures	<u>100.0%</u>	<u>\$ 4,300,156</u>	<u>100.0%</u>	<u>\$ 4,658,797</u>

The City reported a decrease in the governmental activities expenditures of \$358,641 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>2014</u>	<u>2013</u>
General government	\$ 39,984	\$ 46,035
Public safety	103,750	114,034
Streets and highways	260,158	266,186
Health and welfare	28,782	27,926
Cultural and recreational	123,134	127,761
Total depreciation	<u>\$ 555,808</u>	<u>\$ 581,942</u>

Total capital outlay expenditures for the governmental activities in the current year totaled \$2,702,718 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 MASCOUATAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS-TYPE ACTIVITIES

<u>Operating Expenditures</u>	<u>2014</u>		<u>2013</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	17.0%	\$ 1,692,899	18.0%	\$ 1,627,896
Contractual services	57.9%	5,784,165	58.1%	5,273,018
Supplies and materials	1.5%	150,603	1.9%	170,273
Administrative overhead	13.3%	1,327,455	10.7%	970,980
Depreciation	10.3%	1,031,401	11.3%	1,026,606
Total expenditures	<u>100.0%</u>	<u>\$ 9,986,523</u>	<u>100.0%</u>	<u>\$ 9,068,773</u>

Expenses in the business type activities increased by \$917,750 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, overhead allocations, and salaries and related benefits.

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 2014, the City's governmental funds reported combined ending fund balances of \$225,635. The governmental fund balance includes \$1,191,452 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 unassigned fund balance of the General Fund was \$435,111. The fund balance of the General Fund increased by \$288,387 during the current fiscal year. Total expenditures in the General fund were \$3,178,958.

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 position of the water and sewer, and electric light funds at the end of the year amounted to \$11,320,151. 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 \$2,651,585. The budgeted amount for the General Fund was \$2,626,475. 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, 2014, amounts to \$38,331,198, 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 \$1,968,518. This increase is due to governmental infrastructure improvements of \$1,811,823 as well as infrastructure additions of \$502,078 in the business-type activities. Total additions were \$2,648,415 in the governmental fund activities and \$808,046 in the business-type activities. The major additions include road projects, electric line additions, watermain replacement projects, and equipment 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.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 863,657	\$ 809,354	\$ 182,313	\$ 137,350	\$ 1,045,970	\$ 946,704
Land Improvements	885,911	481,144	-	-	885,911	481,144
Buildings and Improvements	3,220,739	3,021,006	2,725,841	2,653,322	5,946,580	5,674,328
Equipment	229,812	201,470	317,538	287,153	547,350	488,623
Vehicles	759,712	903,489	454,948	580,090	1,214,660	1,483,579
Infrastructure	8,750,608	7,147,066	19,940,119	20,141,236	28,690,727	27,288,302
	<u>\$ 14,710,439</u>	<u>\$ 12,563,529</u>	<u>\$ 23,620,759</u>	<u>\$ 23,799,151</u>	<u>\$ 38,331,198</u>	<u>\$ 36,362,680</u>

Long-term Debt

At the end of 2014, the City had total debt obligations of \$10,489,808 compared to \$11,331,947 at the end of 2013. This decrease is primarily due to the normal retirement of debt. The only current year addition was related to finalizing the debt related to an IEPA projects. Additional information related to the debt of the City can be found in Note 4 of the financial statements.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Notes Payable	\$ 1,246,652	\$ 1,509,048	\$ 3,205,495	\$ 3,419,813	\$ 4,452,147	\$ 4,928,861
Bonds Payable	1,865,000	1,980,000	3,700,000	3,890,000	5,565,000	5,870,000
Compensated Absences	223,192	278,942	61,819	70,695	285,011	349,637
Pension Obligation	187,650	183,449	-	-	187,650	183,449
Total Debt	<u>\$ 3,522,494</u>	<u>\$ 3,951,439</u>	<u>\$ 6,967,314</u>	<u>\$ 7,380,508</u>	<u>\$ 10,489,808</u>	<u>\$ 11,331,947</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 MASCOUATAH, ILLINOIS

STATEMENT OF NET POSITION APRIL 30, 2014

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,994,364	\$ 8,580,306	\$ 10,574,670
Investments	68,933	-	68,933
Receivables (Net of allowance for uncollectible):			
Intergovernmental	647,757	-	647,757
Accounts	41,817	1,294,321	1,336,138
Interest/Other	212,887	72,864	285,751
Internal Balances	(2,168,365)	2,168,365	-
Restricted Assets - Cash and Investments	325,468	176,481	501,949
Capital Assets:			
Land	863,657	182,313	1,045,970
Land Improvements	1,302,731	-	1,302,731
Buildings and Improvements	5,541,742	8,925,521	14,467,263
Equipment	1,466,085	732,950	2,199,035
Vehicles	2,430,967	1,244,969	3,675,936
Infrastructure	11,391,615	27,831,357	39,222,972
Accumulated Depreciation	(8,286,358)	(15,296,351)	(23,582,709)
Net Capital Assets	14,710,439	23,620,759	38,331,198
Total Assets	15,833,300	35,913,096	51,746,396
<u>Deferred Outflows of Resources</u>			
Loss on Bond Refunding	5,428	-	5,428
<u>Liabilities</u>			
Accounts Payable	739,154	463,176	1,202,330
Accrued Payroll and Benefits	131,069	51,553	182,622
Accrued Interest Payable	8,172	738	8,910
Deferred Revenue	28,622	218,419	247,041
Liabilities Payable from Restricted Assets:			
Customer Deposits	-	176,481	176,481
Noncurrent Liabilities:			
Due Within One Year	967,435	402,138	1,369,573
Due in More Than One Year	2,555,059	6,565,176	9,120,235
Total Liabilities	4,429,511	7,877,681	12,307,192
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	11,650,336	16,715,264	28,365,600
Restricted for:			
Debt Service	143,097	-	143,097
Other Purposes	1,048,355	-	1,048,355
Unrestricted	(1,432,571)	11,320,151	9,887,580
Total Net Position	\$ 11,409,217	\$ 28,035,415	\$ 39,444,632

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, 2014**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-type	
					Governmental Activities	Total
Governmental Activities:						
General Government	\$ 114,353	\$ 368,177	\$ 390	\$ 306,998	\$ 561,212	\$ 561,212
Public Safety	1,634,055	30,852	4,305	-	(1,598,898)	(1,598,898)
Streets and Highways	886,203	46,562	-	-	(839,641)	(839,641)
Health and Welfare	590,366	219,626	-	-	(370,740)	(370,740)
Development	221,592	-	-	-	(221,592)	(221,592)
Cultural and Recreational	728,737	156,441	18,394	176,985	(376,917)	(376,917)
Interest on Long-term Debt	124,850	-	-	-	(124,850)	(124,850)
Total Governmental Activities (see Note 1)	4,300,156	821,658	23,089	483,983	(2,971,426)	(2,971,426)
Business-type Activities:						
Waterworks and Sewerage	3,182,224	2,986,318	-	-	\$ (195,906)	(195,906)
Electric Light	6,987,040	7,573,304	-	23,440	609,704	609,704
Total Business-type Activities	10,169,264	10,559,622	-	23,440	413,798	413,798
Total Government	\$ 14,469,420	\$ 11,381,280	\$ 23,089	\$ 507,423	(2,971,426)	(2,557,628)
General Revenues:						
Property Tax, Levied for General Purposes					2,725,912	2,725,912
Sales and Use Tax					721,279	721,279
Income Tax					714,615	714,615
Corporate Personal Property Tax					23,818	23,818
Motor Fuel Tax					223,839	223,839
Telecommunications Tax					220,885	220,885
Hotel Tax					32,035	32,035
Other					23,074	23,074
Utility Tax					369,238	369,238
Franchise Fees					127,097	127,097
Investment Earnings					31,689	45,841
Miscellaneous					10,164	10,164
Transfers					323,310	-
Total General Revenues and Transfers					5,529,418	5,237,797
Change in Net Position					2,557,992	2,680,169
Net Position - Beginning					8,851,225	36,764,463
Net Position - Ending					\$ 11,409,217	\$ 39,444,632

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

CITY OF MASCOUTAH, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2014

	<u>General Fund</u>	<u>TIF 2B Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 574,843	\$ 206,804	\$ 1,212,717	\$ 1,994,364
Investments	68,933	-	-	68,933
Receivables (Net, where applicable, of allowances for uncollectible):				
Property Tax	529,000	-	1,315,000	1,844,000
Intergovernmental	608,989	-	38,768	647,757
Other	55,374	-	199,330	254,704
Due From Other Funds	249,925	-	1,550	251,475
Restricted Cash and Investments	-	-	325,468	325,468
Total Assets	<u>\$ 2,087,064</u>	<u>\$ 206,804</u>	<u>\$ 3,092,833</u>	<u>\$ 5,386,701</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accrued Payroll and Benefits	\$ 36,737	\$ -	\$ 16,646	\$ 53,383
Accounts Payable	465,797	164,754	108,603	739,154
Due to Other Funds	519,550	-	1,900,290	2,419,840
Deferred Revenue	629,869	-	1,318,820	1,948,689
Total Liabilities	<u>1,651,953</u>	<u>164,754</u>	<u>3,344,359</u>	<u>5,161,066</u>
Fund Balances:				
Nonspendable	-	-	327,018	327,018
Restricted For:				
Debt Service	-	-	143,097	143,097
Revenue Restrictions	-	42,050	1,006,305	1,048,355
Unassigned	435,111	-	(1,727,946)	(1,292,835)
Total Fund Balances	<u>435,111</u>	<u>42,050</u>	<u>(251,526)</u>	<u>225,635</u>
Total Liabilities and Fund Balances	<u>\$ 2,087,064</u>	<u>\$ 206,804</u>	<u>\$ 3,092,833</u>	<u>\$ 5,386,701</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, 2014

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 225,635
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	14,710,439
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.	76,067
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(8,172)
Accrued compensated absences are not reported as a liability on the balance sheet of the governmental funds.	(300,878)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(3,106,224)
Net pension obligations are not reported as a liability on the balance sheet of the governmental funds.	<u>(187,650)</u>
Net position of governmental activities	<u>\$ 11,409,217</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, 2014

	<u>General Fund</u>	<u>TIF 2B Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Tax	\$ 506,155	\$ 708,247	\$ 1,511,510	\$ 2,725,912
Utility Tax	369,238	-	-	369,238
Hotel Tax	32,035	-	-	32,035
Intergovernmental	1,968,200	-	333,825	2,302,025
Licenses, Permits and Fees	106,640	-	16,943	123,583
Charges for Services	387,084	-	405,282	792,366
Fines and Forfeitures	26,052	-	6,754	32,806
Investment Earnings	3,538	2,534	8,080	14,152
Contributions	390	-	129,078	129,468
Miscellaneous	2,688	-	7,476	10,164
Total Revenues	<u>3,402,020</u>	<u>710,781</u>	<u>2,418,948</u>	<u>6,531,749</u>
Expenditures:				
Current:				
General Government	84,886	-	-	84,886
Public Safety	1,491,251	-	72,851	1,564,102
Streets and Highways	469,031	10,822	146,939	626,792
Health and Welfare	-	-	576,053	576,053
Development	24,820	165,004	31,768	221,592
Cultural and Recreational	-	-	602,569	602,569
Capital Outlay	1,088,292	1,160,760	453,666	2,702,718
Debt Service:				
Principal	19,786	-	357,610	377,396
Interest and Charges	892	-	128,214	129,106
Total Expenditures	<u>3,178,958</u>	<u>1,336,586</u>	<u>2,369,670</u>	<u>6,885,214</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>223,062</u>	<u>(625,805)</u>	<u>49,278</u>	<u>(353,465)</u>
Other Financing Sources (Uses):				
Operating Transfers In	133,256	-	586,341	719,597
Operating Transfers Out	<u>(67,931)</u>	<u>(79,780)</u>	<u>(248,576)</u>	<u>(396,287)</u>
Total Other Financing Sources (Uses)	<u>65,325</u>	<u>(79,780)</u>	<u>337,765</u>	<u>323,310</u>
Net Change in Fund Balances	288,387	(705,585)	387,043	(30,155)
Fund Balance (Deficit), Beginning of Year	<u>146,724</u>	<u>747,635</u>	<u>(638,569)</u>	<u>255,790</u>
Fund Balance (Deficit), End of Year	<u>\$ 435,111</u>	<u>\$ 42,050</u>	<u>\$ (251,526)</u>	<u>\$ 225,635</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, 2014

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

Net change in fund balances - total governmental funds	\$ (30,155)
--	-------------

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.	2,146,910
---	-----------

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.	60,697
--	--------

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.	(4,201)
--	---------

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.	374,141
---	---------

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.	3,089
--	-------

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.	7,511
--	-------

Change in net position of governmental activities	<u>\$ 2,557,992</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, 2014**

	Waterworks and Sewerage	Electric Light	Total		Waterworks and Sewerage	Electric Light	Total
Assets:				Liabilities:			
Current Assets:				Current Liabilities:			
Cash	\$ 3,205,570	\$ 5,374,736	\$ 8,580,306	Accrued Payroll and Benefits	\$ 22,522	\$ 29,031	\$ 51,553
Receivables (Net, where applicable, of allowances for uncollectible):				Accounts Payable	84,037	379,139	463,176
Accounts	169,963	480,878	650,841	Accrued Interest	738	-	738
Unbilled Revenue	222,650	420,830	643,480	Deferred Connection Fees	-	218,419	218,419
Other	7,680	65,184	72,864	Notes/Leases Payable	207,138	-	207,138
Due from Other Funds	311,565	1,856,800	2,168,365	Bonds Payable	-	195,000	195,000
Total Current Assets	3,917,428	8,198,428	12,115,856	Total Current Liabilities	314,435	821,589	1,136,024
Noncurrent Assets:				Liabilities Payable from Restricted Assets:			
Restricted Assets:				Customer Deposits	30,909	145,572	176,481
Cash and Cash Equivalents:				Noncurrent Liabilities:			
Customer Deposits	30,909	145,572	176,481	Accrued Sick Leave	21,575	40,244	61,819
Capital Assets:				Notes/Leases Payable	2,998,357	-	2,998,357
Land	20,341	161,972	182,313	Bonds Payable	-	3,505,000	3,505,000
Buildings and Improvements	4,940,260	3,985,261	8,925,521	Total Noncurrent Liabilities	3,019,932	3,545,244	6,565,176
Equipment	324,757	408,193	732,950	Total Liabilities	3,365,276	4,512,405	7,877,681
Vehicles	276,066	968,903	1,244,969				
Distribution System	15,099,354	12,732,003	27,831,357				
Total	20,660,778	18,256,332	38,917,110				
Less - Accumulated Depreciation	(7,361,768)	(7,934,583)	(15,296,351)				
Net Capital Assets	13,299,010	10,321,749	23,620,759	Net Position:			
Total Noncurrent Assets	13,329,919	10,467,321	23,797,240	Invested in Capital Assets,	10,093,515	6,621,749	16,715,264
				Net of Related Debt	3,788,556	7,531,595	11,320,151
Total Assets	\$ 17,247,347	\$ 18,665,749	\$ 35,913,096	Unrestricted	\$ 13,882,071	\$ 14,153,344	\$ 28,035,415
				Total Net Position			

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2014

	<u>Business-Type Activities--Enterprise Funds</u>		
	<u>Waterworks and Sewerage</u>	<u>Electric Light</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 2,986,318	\$ 7,573,304	\$ 10,559,622
Operating Expenses:			
Personal Services	786,849	906,050	1,692,899
Supplies	71,633	78,970	150,603
Contractual Services	1,148,219	4,635,946	5,784,165
Administrative Overhead	667,350	660,105	1,327,455
Depreciation	495,430	535,971	1,031,401
Total Operating Expenses	<u>3,169,481</u>	<u>6,817,042</u>	<u>9,986,523</u>
Operating Income	<u>(183,163)</u>	<u>756,262</u>	<u>573,099</u>
Nonoperating Revenues (Expenses):			
Investment Earnings	12,838	18,851	31,689
Interest and Fiscal Charges	<u>(12,743)</u>	<u>(169,998)</u>	<u>(182,741)</u>
Total Nonoperating Revenues (Expenses)	<u>95</u>	<u>(151,147)</u>	<u>(151,052)</u>
Income Before Contributions and Transfers	(183,068)	605,115	422,047
Capital Contributions	-	23,440	23,440
Transfers In (Out)	<u>46,608</u>	<u>(369,918)</u>	<u>(323,310)</u>
Change in Net Position	(136,460)	258,637	122,177
Net Position - Beginning of Year	<u>14,018,531</u>	<u>13,894,707</u>	<u>27,913,238</u>
Net Position - End of Year	<u>\$ 13,882,071</u>	<u>\$ 14,153,344</u>	<u>\$ 28,035,415</u>

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, 2014

	<u>Business-Type Activities--Enterprise Funds</u>		
	<u>Waterworks and Sewerage</u>	<u>Electric Light</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 2,926,213	\$ 7,713,724	\$ 10,639,937
Payments to Suppliers	(2,065,240)	(5,581,182)	(7,646,422)
Payments to Employees	(543,800)	(617,607)	(1,161,407)
Net Cash Provided by Operating Activities	<u>317,173</u>	<u>1,514,935</u>	<u>1,832,108</u>
Cash Flows from Noncapital Financing Activities:			
Payments from (to) Other Funds	101,683	(281,962)	(180,279)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>101,683</u>	<u>(281,962)</u>	<u>(180,279)</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Long-Term Debt	(232,093)	(190,000)	(422,093)
Net Proceeds from Debt	17,064	-	17,064
Interest Paid on Debt	(15,610)	(169,998)	(185,608)
Customer Deposits	(3,737)	8,348	4,611
Capital Contributions	-	23,440	23,440
Cash Payments for Capital Assets	(518,625)	(334,384)	(853,009)
Net Cash Used by Capital Related Financing Activities	<u>(753,001)</u>	<u>(662,594)</u>	<u>(1,415,595)</u>
Cash Flows from Investing Activities:			
Interest Received	12,838	18,851	31,689
Net Cash Provided by Investing Activities	<u>12,838</u>	<u>18,851</u>	<u>31,689</u>
Net Change in Cash and Cash Equivalents	(321,307)	589,230	267,923
Cash and Cash Equivalents, Beginning of Year	<u>3,557,786</u>	<u>4,931,078</u>	<u>8,488,864</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,236,479</u>	<u>\$ 5,520,308</u>	<u>\$ 8,756,787</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ (183,163)	\$ 756,262	\$ 573,099
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	495,430	535,971	1,031,401
(Increase) Decrease in Assets:			
Accounts Receivables	(61,515)	(27,723)	(89,238)
Unbilled Revenue	1,410	10,950	12,360
Increase (Decrease) in Liabilities:			
Accrued Payroll and Benefits	2,213	(7,023)	(4,810)
Accounts Payable	62,798	89,305	152,103
Deferred Fees	-	157,193	157,193
Net Cash Provided by Operating Activities	<u>\$ 317,173</u>	<u>\$ 1,514,935</u>	<u>\$ 1,832,108</u>
Reconciliation of Total Cash and Cash Equivalents			
Current Assets	\$ 3,205,570	\$ 5,374,736	\$ 8,580,306
Restricted Assets	30,909	145,572	176,481
Total Cash and Cash Investments	<u>\$ 3,236,479</u>	<u>\$ 5,520,308</u>	<u>\$ 8,756,787</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, 2014

<u>Assets</u>	
Cash and Cash Equivalents	\$ 91,708
Investments	3,721,608
Receivables (Net of Allowance for Doubtful Accounts):	
Property Tax	269,000
Interest	<u>13,988</u>
Total Assets	<u>4,096,304</u>

<u>Liabilities</u>	
None	<u>-</u>

<u>Net Position</u>	
Held in Trust For Pension Benefits and Other Purposes	<u>\$ 4,096,304</u>

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, 2014

Additions:

Employer Contributions	\$ 267,406
Employee Contributions	79,333

Investment Earnings:

Interest and Dividends	119,880
Gain (Loss) on Sale of Investments	52,962
Net Appreciation in Fair Value of Investments	103,484
Total Investment Earnings	<u>276,326</u>
Less: Investment Expense	<u>12,409</u>
Net Investment Earnings	<u>263,917</u>

Total Additions	<u>610,656</u>
-----------------	----------------

Deductions:

Benefit Payments	74,956
Administrative Expenses	<u>7,535</u>
Total Deductions	<u>82,491</u>

Change in Net Position	528,165
------------------------	---------

Net Position - Beginning of Year	<u>3,568,139</u>
----------------------------------	------------------

Net Position - End of Year	<u>\$ 4,096,304</u>
----------------------------	---------------------

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

CITY OF MASCOUTAH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2014

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, 2014.

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 position and the statement of activities) 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 funds:

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 and capital improvement costs that are not paid through other funds are recorded in the General Fund.

The TIF 2B Fund records all revenue and expenses related to the respective TIF 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 2, 2013 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 2013 become an enforceable lien in January 2014. Because this tax levy will be used to pay for expenses budgeted in fiscal year 2015, this tax levy is shown as a receivable and as deferred revenue as of April 30, 2014 in the governmental funds statements and eliminated in the statement of activities. Tax revenues reflected in these financial statements are taxes collected on the 2012 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 MASCOUHAH, 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 position. 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.

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.

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

When expenditures are incurred for which the City has both restricted and unrestricted funds available, the City spends any restricted funds before using unrestricted sources. Likewise, the City uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available. The following details the description and amount of all constraints recorded by the City in the fund financial statements:

Governmental Funds

Nonspendable:

Cemetery Trust	324,518
Park Board Leu	2,500
	<u>\$ 327,018</u>

Restricted:

Debt Service	\$ 143,097
TIF #2B	42,050
Public Library	284,101
Motor Fuel Tax	464,806
Playground & Recreation Fund	100,067
Retirement Fund	157,331
	<u>\$ 1,191,452</u>

Fiduciary Funds

Reserved for Employees' Pension
Benefits

\$ 4,096,304

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 MASCOUTAH, 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>
TIF 2B Fund	\$ 1,143,493	\$ 1,251,612
General Fund	2,626,475	2,651,587
Ambulance Fund	589,595	613,741
Debt Service Fund	203,489	203,506

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Governmental & Business-Type Activities

At April 30, 2014, the carrying amount of the City's deposits was \$11,144,952 and the bank balance was \$11,791,084. 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, 2014, the City's deposits were covered entirely by FDIC insurance or collateralized by the financial institutions.

At April 30, 2014, the City had the following investments:

	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
Cash on Hand	N/A	\$ 600
Deposits as reported above	N/A	<u>11,144,952</u>
Total deposits and investments		<u>\$ 11,145,552</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 10,574,670
Investments		68,933
Cash and Cash Equivalents - Restricted		<u>501,949</u>
		<u>\$ 11,145,552</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, 2014, 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, 2014, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2014, the City did not have a foreign currency risk.

Police Pension Fund

At April 30, 2014, the carrying amount and the bank balance of the Police Pension Fund's deposits was \$341,708. 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, 2014, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Mutual Funds	--	\$ 1,662,913
FHLB	7.89	387,453
FHLMC	8.15	241,796
FNMA	1.19	49,907
Municipal Bonds	3.99	900,241
Corporate Bonds	2.32	229,298
Deposits as reported above		<u>341,708</u>
Total deposits and investments		<u>\$ 3,813,316</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, 2014, the Police Pension Fund had investments in municipal bonds with Moody's ratings of AA2 to A2 and Standards & Poors ratings of AA+ to A-.

Concentration of Credit Risk. As of April 30, 2014, the Police Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2014, the Police Pension Fund did not have a foreign currency risk.

CITY OF MASCOUATAH, 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, 2014:

	<u>General</u>	<u>Enterprise Funds</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:				
Licenses/Fees/Other	\$ 55,374	\$ 72,864	\$ 157,513	\$ 285,751
Accounts	-	1,400,285	187,628	1,587,913
Intergovernmental	<u>608,989</u>	<u>-</u>	<u>38,768</u>	<u>647,757</u>
Gross Receivables	664,363	1,473,149	383,909	2,521,421
Less: Allowance for uncollectible	<u>-</u>	<u>105,964</u>	<u>145,811</u>	<u>251,775</u>
Net Total Receivables	<u>\$664,363</u>	<u>\$1,367,185</u>	<u>\$ 238,098</u>	<u>\$2,269,646</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 \$120,000 through January 1, 2016; interest at 4.05% 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, 2014 is \$240,000.

General Obligation Bonds, Series 2008 due in annual installments of \$195,000 to \$520,000 through November 1, 2027; interest at 3.70% 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, 2014 is \$5,325,000.

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

The annual requirements to retire general obligation bonds as of April 30, 2014 are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	115,000	64,692	235,000	129,621
2020-2024	665,000	239,084	1,335,000	476,989
2025-2028	650,000	76,578	1,295,000	152,001
	<u>\$ 1,865,000</u>	<u>\$ 687,125</u>	<u>\$ 3,700,000</u>	<u>\$ 1,372,096</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, 2014 is \$153,272.

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, 2014 is \$69,817.

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, 2014 is \$2,005,806.

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, 2014 is \$447,771.

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, 2014 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, 2014 is \$61,477.

The City entered into a loan agreement with the IEPA for \$866,575 on August 28, 2011 to provide funding for sewer infrastructure 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, 2014 is \$598,646.

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, 2014 is \$744,869.

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, 2014 is \$20,214.

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
2015	\$ 847,435	\$ 22,215	\$ 207,138	\$ 7,869
2016	28,477	20,705	224,010	10,092
2017	29,573	19,609	225,664	8,438
2018	12,563	18,537	204,180	6,743
2019	8,050	18,073	181,728	6,014
2020-2024	47,341	83,273	914,797	23,914
2025-2030	61,843	68,771	925,533	13,175
2031-2034	80,885	49,728	322,445	2,646
2035-2039	105,724	24,890	-	-
2040	24,761	1,362	-	-
	<u>\$ 1,246,652</u>	<u>\$ 327,163</u>	<u>\$ 3,205,495</u>	<u>\$ 78,891</u>

The following is a summary of changes in long-term liabilities for the year ended April 30, 2014

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 1,980,000	\$ -	\$ 115,000	\$ 1,865,000	\$ 120,000
Notes payable	1,509,048	-	262,396	1,246,652	847,435
Compensated absences	278,942	-	55,750	223,192	-
Pension obligations	183,449	4,201	-	187,650	-
Governmental activities long-term liabilities	<u>\$ 3,951,439</u>	<u>\$ 4,201</u>	<u>\$ 433,146</u>	<u>\$ 3,522,494</u>	<u>\$ 967,435</u>
<u>Business-type Activities:</u>					
General obligation bonds	\$ 3,890,000	\$ -	\$ 190,000	\$ 3,700,000	\$ 195,000
Notes payable	3,419,813	17,775	232,093	3,205,495	207,138
Compensated absences	70,695	-	8,876	61,819	-
Business-type activities long-term liabilities	<u>\$ 7,380,508</u>	<u>\$ 17,775</u>	<u>\$ 430,969</u>	<u>\$ 6,967,314</u>	<u>\$ 402,138</u>

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

NOTE 5: CAPITAL ASSETS

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

	Beginning Balance	Additions/ Completions	Retirements/ Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 809,354	\$ 54,303	\$ -	\$ 863,657
Capital assets, being depreciated:				
Land improvements	885,304	417,427	-	1,302,731
Buildings and improvements	5,214,559	327,183	-	5,541,742
Equipment	1,385,244	80,841	-	1,466,085
Vehicles	2,419,826	11,141	-	2,430,967
Infrastructure	9,579,792	1,811,823	-	11,391,615
Total capital assets being depreciated	19,484,725	2,648,415	-	22,133,140
Less accumulated depreciation for:				
Land improvements	404,160	12,660	-	416,820
Buildings and improvements	2,193,553	127,450	-	2,321,003
Equipment	1,183,774	52,499	-	1,236,273
Vehicles	1,516,337	154,918	-	1,671,255
Infrastructure	2,432,726	208,281	-	2,641,007
Total accumulated depreciation	7,730,550	555,808	-	8,286,358
Total capital assets, being depreciated, net	11,754,175	2,092,607	-	13,846,782
Governmental activities capital assets, net	\$ 12,563,529	\$ 2,146,910	\$ -	\$ 14,710,439
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 137,350	\$ 44,963	\$ -	\$ 182,313
Capital assets, being depreciated:				
Buildings and improvements	8,686,603	238,918	-	8,925,521
Distribution systems	27,329,279	502,078	-	27,831,357
Equipment	665,900	67,050	-	732,950
Vehicles	1,244,969	-	-	1,244,969
Total capital assets, being depreciated	37,926,751	808,046	-	38,734,797
Less accumulated depreciation for:				
Buildings and improvements	6,033,281	166,399	-	6,199,680
Distribution systems	7,188,043	703,195	-	7,891,238
Equipment	378,747	36,665	-	415,412
Vehicles	664,879	125,142	-	790,021
Total accumulated depreciation	14,264,950	1,031,401	-	15,296,351
Total capital assets, being depreciated, net	23,661,801	(223,355)	-	23,438,446
Business-type activities capital assets, net	\$ 23,799,151	\$ (178,392)	\$ -	\$ 23,620,759

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	\$ 39,984
Public safety	103,750
Streets and highways, including depreciation of general infrastructure assets	260,158
Health and welfare	28,782
Cultural and recreational	<u>123,134</u>
Total depreciation expense - governmental activities	<u>\$ 555,808</u>
Business-type activities:	
Electric, waterworks and sewerage	<u>\$ 1,031,401</u>

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

The following is a schedule of interfund receivables and payables for the year ending April 30, 2014.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 249,925	\$ 519,550
Fire Fund	-	265,000
TIF #1 Fund	-	647,300
Business District Fund	-	249,925
Special Service Area Fund	-	46,565
Playground and Recreation Fund	-	35,000
Ambulance Fund	-	656,500
Cemetery Trust Fund	1,550	-
Waterworks and Sewerage Fund	311,565	-
Electric Light Fund	<u>1,856,800</u>	<u>-</u>
Totals	<u>\$ 2,419,840</u>	<u>\$ 2,419,840</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

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

includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

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 2013 was 12.96 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 2013 was \$287,791.

Three-Year Trend Information for IMRF

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
12/31/13	\$ 287,791	100%	\$ -
12/31/12	260,689	100%	-
12/31/11	260,318	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.50% 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, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was 74.39 percent funded. The actuarial accrued liability for benefits was \$5,805,180 and the actuarial value of assets was \$4,318,420, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,486,760. The

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

covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$2,220,612 and the ratio of the UAAL to the covered payroll was 67 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, 2014 was \$800,535.

At April 30, 2014, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	4
Current Employees	<u>12</u>
Total	<u>16</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

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

of credited service may retire at or after age 60 and receive a 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 MASCOUATAH, 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	\$ 268,829
Interest on net pension obligation	11,007
Adjustment to annual required contribution	<u>(8,229)</u>
Annual pension cost	271,607
Contributions made - tax levy	<u>267,406</u>
Decrease in net pension obligation	4,201
Net pension obligation beginning of year	<u>183,449</u>
Net pension obligation end of year	<u>\$ 187,650</u>

The annual required contribution for the current year was determined by valuations performed by the State of Illinois using the projected unit credit method. The actuarial assumptions include (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 market values with gains and losses recognized over a five year period. 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, 2014, was 27 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/13	\$ 271,607	98.45%	\$ 187,650
04/30/12	272,031	102.70%	183,449
04/30/11	196,225	101.84%	190,797

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 \$4,096,304.

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, 2014:

General Fund Transfer From (To):	
Cemetery Trust Fund	\$ 6,500
IMRF Fund	126,756
Library Fund	(12,817)
Business District Fund	(21,012)
Debt Service Fund	(34,102)
TIF #1 Fund Transfer (To):	
Debt Service Fund	(77,962)
TIF #2 Fund Transfer (To):	
Water and Sewer Fund	(79,780)
Ambulance Fund Transfer From:	
IMRF Fund	37,358
IMRF Fund Transfer (To):	
General Fund	(126,756)
Ambulance Fund	(37,358)
Business District Fund Transfer From:	
General Fund	21,012
Library Fund Transfer From:	
General Fund	12,817
Debt Service Fund Transfer From (To):	
General Fund	34,102
TIF #1 Fund	77,962
Electric Light Fund	77,962
Water and Sewer Fund	33,172
Water and Sewer Fund Transfer From:	
TIF #2 Fund	79,780
Debt Service Fund	(33,172)
Electric Light Fund Transfer From (To):	
Debt Service Fund	(77,962)
Cemetery Trust Fund Transfer (To):	
General Fund	(6,500)
	<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 28, 2014 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.

CITY OF MASCOUTAH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND FOR THE YEAR ENDED APRIL 30, 2014

	Budgeted Amounts		Actual
	Original	Final	(Budget Basis)
Receipts:			
Property Tax	\$ 503,600	\$ 503,600	\$ 506,155
Utility Tax	357,505	357,505	366,121
Hotel Tax	49,320	49,320	32,219
Intergovernmental	1,675,774	1,675,774	1,663,412
Licenses and Permits	74,715	74,715	103,556
Charges for Services	426,912	426,912	384,783
Fines and Forfeitures	21,760	21,760	26,052
Investment Earnings	1,900	1,900	3,538
Miscellaneous	8,050	8,050	5,580
Total Receipts	<u>3,119,536</u>	<u>3,119,536</u>	<u>3,091,416</u>
Disbursements			
Current:			
General Government	328,390	328,390	326,314
Public Safety	1,408,475	1,408,475	1,483,310
Streets and Highways	739,150	739,150	644,746
Development	31,300	31,300	24,820
Capital Outlay	85,500	85,500	138,293
Total Disbursements	<u>2,592,815</u>	<u>2,592,815</u>	<u>2,617,483</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>526,721</u>	<u>526,721</u>	<u>473,933</u>
Other Financing Sources:			
Transfers In	93,637	93,637	86,119
Transfers Out	<u>(33,660)</u>	<u>(33,660)</u>	<u>(34,102)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ 586,698</u>	<u>\$ 586,698</u>	525,950
Change for reporting on modified accrual basis:			
Change in intergovernmental revenue on modified accrual basis			141,669
Change in utility tax revenue on modified accrual basis			3,117
Change in other receivables on modified accrual basis			(376)
Change in accrued salaries on modified accrual basis			(11,174)
Change in franchise fee revenue on modified accrual basis			1,655
Change in accounts payable on modified accrual basis			(370,904)
Change in transfer amount from other funds			<u>(1,550)</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 288,387</u>

CITY OF MASCOUTAH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
TIF 2B FUND
FOR THE YEAR ENDED APRIL 30, 2014

	Budgeted Amounts		Actual (Budget Basis)
	Original	Budget	
Receipts:			
Property Tax	\$ 662,385	\$ 662,385	\$ 708,247
Investment Earnings	6,000	6,000	2,534
Total Receipts	<u>668,385</u>	<u>668,385</u>	<u>710,781</u>
Disbursements:			
Development	18,000	18,000	250
Project Costs	880,000	880,000	1,171,582
Total Disbursements	<u>898,000</u>	<u>898,000</u>	<u>1,171,832</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(229,615)</u>	<u>(229,615)</u>	<u>(461,051)</u>
Other Financing Sources:			
Transfers Out	<u>(245,493)</u>	<u>(245,493)</u>	<u>(79,780)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (475,108)</u>	<u>\$ (475,108)</u>	<u>(540,831)</u>
Change for reporting on modified accrual basis:			
Change in accounts payable on modified accrual basis			<u>(164,754)</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (705,585)</u>

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF POLICE PENSION FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS APRIL 30, 2014

	Fiscal Year					
	2013	2012	2010	2009	2008	2007
Actuarial Value of Assets	\$ 3,622,945	\$ 3,164,876	\$ 2,524,659	\$ 2,162,610	\$ 2,057,820	\$ 1,909,858
Actuarial Accrued Liability (AAL)	5,190,254	4,753,919	3,760,155	3,335,468	3,010,196	2,715,354
Unfunded AAL (UAAL)	1,567,309	1,589,043	1,235,496	1,172,858	952,376	805,496
Funded Ratio	69.80%	66.57%	67.14%	64.84%	68.36%	70.34%
Covered Payroll	779,108	760,412	708,789	667,905	553,935	724,170
UAAL as a % of Covered Payroll	201.17%	208.97%	174.31%	175.60%	171.93%	111.23%
Employer Contributions:						
Required	268,829	268,891	191,234	177,698	146,195	171,049
Made	267,406	279,379	197,454	183,816	152,109	98,775
Percentage of Employer Contributions						
Made to Required Contributions	99.47%	103.90%	103.25%	103.44%	104.05%	57.75%

The City did not have an actuarial performed for April 30, 2011. The City levied taxes for the contribution based on estimated amounts. The 2013 actuarial amount, as determined by the State, was levied in December 2013 and collected in fiscal year 2015.

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:	27 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, 2014**

	Calendar Year					
	2013	2012	2011	2010	2009	2008
Actuarial Value of Assets	\$ 4,318,420	\$ 4,034,649	\$ 3,402,151	\$ 3,701,027	\$ 4,000,956	\$ 3,560,676
Actuarial Accrued Liability (AAL)	5,805,180	5,744,528	5,140,361	5,187,090	5,289,040	4,705,645
Unfunded AAL (UAAL)	1,486,760	1,709,879	1,738,210	1,486,063	1,288,084	1,144,969
Funded Ratio	74.39%	70.23%	66.19%	71.35%	75.65%	75.67%
Covered Payroll	2,220,612	2,165,194	2,238,333	2,224,822	2,135,653	2,081,213
UAAL as a % of Covered Payroll	66.95%	78.97%	77.66%	66.79%	60.31%	55.01%
Employer Contributions:						
Required	287,791	260,689	260,318	252,517	205,023	197,299
Made	287,791	260,689	260,318	234,941	205,023	197,299
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	100.00%	100.00%	93.04%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$5,293,222.
On a market basis, the funded ratio would be 91.18 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 MASCOUHAH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2014

	Total Special Revenue	Debt Service	Permanent Funds			Total Nonmajor Governmental Funds
			Cemetery Trust	Park Board Leu	Total	
<u>Assets</u>						
Cash and Cash Equivalents	\$ 1,069,620	\$ 143,097	\$ -	\$ -	\$ -	\$ 1,212,717
Receivables (Net of Allowance for Doubtful Accounts):						
Property Tax	1,114,000	201,000	-	-	-	1,315,000
Intergovernmental	38,768	-	-	-	-	38,768
Other	199,330	-	-	-	-	199,330
Due from Other Funds	-	-	1,550	-	1,550	1,550
Restricted Cash and Investments	-	-	322,968	2,500	325,468	325,468
Total Assets	<u>\$ 2,421,718</u>	<u>\$ 344,097</u>	<u>\$ 324,518</u>	<u>\$ 2,500</u>	<u>\$ 327,018</u>	<u>\$ 3,092,833</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accrued Payroll and Benefits	\$ 16,646	\$ -	\$ -	\$ -	\$ -	\$ 16,646
Accounts Payable	108,603	-	-	-	-	108,603
Due to Other Funds	1,900,290	-	-	-	-	1,900,290
Deferred Revenue	1,117,820	201,000	-	-	-	1,318,820
Total Liabilities	<u>3,143,359</u>	<u>201,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,344,359</u>
Fund Balances:						
Nonspendable	-	-	324,518	2,500	327,018	327,018
Restricted For:						
Debt Service	-	143,097	-	-	-	143,097
Revenue Restrictions	1,006,305	-	-	-	-	1,006,305
Unassigned	(1,727,946)	-	-	-	-	(1,727,946)
Total Fund Balances	<u>(721,641)</u>	<u>143,097</u>	<u>324,518</u>	<u>2,500</u>	<u>327,018</u>	<u>(251,526)</u>
Total Liabilities and Fund Balances	<u>\$ 2,421,718</u>	<u>\$ 344,097</u>	<u>\$ 324,518</u>	<u>\$ 2,500</u>	<u>\$ 327,018</u>	<u>\$ 3,092,833</u>

CITY OF MASCOUTAH, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2014

	Total Special Revenue	Debt Service	Permanent Funds			Total Nonmajor Governmental Funds
			Cemetery Trust	Park Board Leu	Total	
Revenues:						
Property Tax	\$ 1,304,024	\$ 207,486	\$ -	\$ -	\$ -	\$ 1,511,510
Intergovernmental	333,825	-	-	-	-	333,825
Licenses, Permits and Fees	16,943	-	-	-	-	16,943
Charges for Services	403,732	-	1,550	-	1,550	405,282
Fines and Forfeitures	6,754	-	-	-	-	6,754
Investment Income	2,804	776	4,500	-	4,500	8,080
Contributions	129,078	-	-	-	-	129,078
Miscellaneous	7,476	-	-	-	-	7,476
Total Revenues	<u>2,204,636</u>	<u>208,262</u>	<u>6,050</u>	<u>-</u>	<u>6,050</u>	<u>2,418,948</u>
Expenditures:						
Current:						
Public Safety	72,851	-	-	-	-	72,851
Streets and Highways	146,939	-	-	-	-	146,939
Development	31,768	-	-	-	-	31,768
Health & Welfare	575,503	-	550	-	550	576,053
Cultural and Recreational	602,569	-	-	-	-	602,569
Capital Outlay	453,666	-	-	-	-	453,666
Debt Service:						
Principal	39,199	318,411	-	-	-	357,610
Interest and Fiscal Charges	19,920	108,294	-	-	-	128,214
Total Expenditures	<u>1,942,415</u>	<u>426,705</u>	<u>550</u>	<u>-</u>	<u>550</u>	<u>2,369,670</u>
Excess (Deficiency) of Revenues Over Expenditures	262,221	(218,443)	5,500	-	5,500	49,278
Other Financing Sources (Uses):						
Transfers In	363,143	223,198	-	-	-	586,341
Transfers Out	(242,076)	-	(6,500)	-	(6,500)	(248,576)
Total Other Financing Sources (Uses)	<u>121,067</u>	<u>223,198</u>	<u>(6,500)</u>	<u>-</u>	<u>(6,500)</u>	<u>337,765</u>
Net Change in Fund Balances	383,288	4,755	(1,000)	-	(1,000)	387,043
Fund Balances, Beginning of Year	<u>(1,104,929)</u>	<u>138,342</u>	<u>325,518</u>	<u>2,500</u>	<u>328,018</u>	<u>(638,569)</u>
Fund Balances, End of Year	<u>\$ (721,641)</u>	<u>\$ 143,097</u>	<u>\$ 324,518</u>	<u>\$ 2,500</u>	<u>\$ 327,018</u>	<u>\$ (251,526)</u>

CITY OF MASCOUTAH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
APRIL 30, 2014

<u>Assets</u>										
	Fire	Playground & Recreation	Ambulance	Motor Fuel Tax	TIF #1	Business District	Public Library	Illinois Municipal Retirement	Special Service Area	Total
Cash and Cash Equivalents	\$ 49,625	\$ 921	\$ 78,571	\$ 451,011	\$ 837	\$ 48	\$ 294,506	\$ 194,099	\$ 2	\$ 1,069,620
Receivables (Net of Allowance for Doubtful Accounts):										
Property Tax	137,000	210,000	296,000	-	-	-	343,000	128,000	-	1,114,000
Intergovernmental Accounts	-	24,973	-	13,795	-	-	-	-	-	38,768
	-	110,926	41,841	-	-	-	-	-	46,563	199,330
Total Assets	\$ 186,625	\$ 346,820	\$ 416,412	\$ 464,806	\$ 837	\$ 48	\$ 637,506	\$ 322,099	\$ 46,565	\$ 2,421,718
<u>Liabilities and Fund Balance</u>										
Liabilities:										
Accrued Payroll and Benefits	\$ -	\$ 1,753	\$ 6,517	\$ -	\$ -	\$ -	\$ 8,376	\$ -	\$ -	\$ 16,646
Accounts Payable	2,714	-	13,845	-	31,518	21,729	2,029	36,768	-	108,603
Due to Other Funds	265,000	35,000	656,500	-	647,300	249,925	-	-	46,565	1,900,290
Deferred Revenue	140,820	210,000	296,000	-	-	-	343,000	128,000	-	1,117,820
Total Liabilities	408,534	246,753	972,862	-	678,818	271,654	353,405	164,768	46,565	3,143,359
Fund Balance (Deficit):										
Restricted	-	100,067	-	464,806	-	-	284,101	157,331	-	1,006,305
Unassigned	(221,909)	-	(556,450)	-	(677,981)	(271,606)	-	-	-	(1,727,946)
Total Fund Balance (Deficit)	(221,909)	100,067	(556,450)	464,806	(677,981)	(271,606)	284,101	157,331	-	(721,641)
Total Liabilities and Fund Balance	\$ 186,625	\$ 346,820	\$ 416,412	\$ 464,806	\$ 837	\$ 48	\$ 637,506	\$ 322,099	\$ 46,565	\$ 2,421,718

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, 2014

	Fire	Playground & Recreation	Ambulance	Motor Fuel Tax	TIF #1	Business District	Public Library	Illinois Municipal Retirement	Special Service Area	Total
Revenues:										
Property Tax	\$ 129,532	\$ 199,632	\$ 366,839	\$ -	\$ 154,195	\$ -	\$ 321,185	\$ 129,531	\$ 3,110	\$ 1,304,024
Intergovernmental	4,305	49,257	-	223,839	-	28,979	27,445	-	-	333,825
Licenses, Permits and Fees	4,800	8,976	-	-	-	-	3,167	-	-	16,943
Charges for Services	-	135,409	219,626	-	-	-	2,135	-	46,562	403,732
Fines and Forfeitures	-	-	-	-	-	-	6,754	-	-	6,754
Investment Income	52	67	38	1,580	12	-	231	824	-	2,804
Contributions	-	127,728	-	-	-	-	1,350	-	-	129,078
Miscellaneous	-	2,434	30	-	-	-	5,012	-	-	7,476
Total Revenues	138,689	523,503	586,533	225,419	154,207	28,979	367,279	130,355	49,672	2,204,636
Expenditures:										
Current:										
Public Safety	72,851	-	-	-	-	-	-	-	-	72,851
Streets and Highways	-	-	-	86,897	-	60,042	-	-	-	146,939
Development	-	-	-	-	31,768	-	-	-	-	31,768
Health & Welfare	-	-	-	-	-	-	-	-	-	575,503
Cultural and Recreational	-	267,861	-	-	-	-	334,708	-	-	602,569
Debt Service:										
Principal	-	20,170	19,029	-	-	-	-	-	-	39,199
Interest and Fiscal Charges	-	2,889	3,020	-	-	-	-	-	14,011	19,920
Capital Outlay	-	161,287	14,200	-	-	261,535	16,624	-	-	453,666
Total Expenditures	72,851	452,207	611,752	86,897	31,768	321,597	351,332	-	14,011	1,942,415
Excess (Deficiency) of Revenues Over Expenditures	65,838	71,296	(25,219)	138,522	122,439	(292,618)	15,947	130,355	35,661	262,221
Other Financing Sources (Uses):										
Transfers In	-	291,956	37,358	-	-	21,012	12,817	-	-	363,143
Transfers Out	-	-	-	-	(77,962)	-	-	(164,114)	-	(242,076)
Total Other Financing Sources (Uses)	-	291,956	37,358	-	(77,962)	21,012	12,817	(164,114)	-	121,067
Net Change in Fund Balances	65,838	363,252	12,139	138,522	44,477	(271,606)	28,764	(33,759)	35,661	383,288
Fund Balance (Deficit), Beginning of Year	(287,747)	(263,185)	(568,589)	326,284	(722,458)	-	255,337	191,090	(35,661)	(1,104,929)
Fund Balance (Deficit), End of Year	\$ (221,909)	\$ 100,067	\$ (556,450)	\$ 464,806	\$ (677,981)	\$ (271,606)	\$ 284,101	\$ 157,331	\$ -	\$ (721,641)



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling
David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

**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 City of Mascoutah, Illinois as of and for the year ended April 30, 2014, 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.

233 East Center Drive
P.O. Box 416
Alton, Illinois 62002
(618) 465-7717 St. Louis (314) 355-2586
Fax (618) 465-7710



PCPS
THE AICPA ALLIANCE FOR CPA FIRMS
www.cjsco.com

One Westbury Drive
Suite 420
St. Charles, Missouri 63301-2567
(636) 723-7611 St. Louis (636) 947-1008
Fax (636) 947-4558

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 / Cjg LLC

Certified Public Accountants

July 28, 2014