



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

**CITY OF MASCOUTAH, ILLINOIS**

**FINANCIAL STATEMENTS AND  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED  
APRIL 30, 2017**

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# CITY OF MASCOUTAH, ILLINOIS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and City Council  
City of Mascoutah, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Mascoutah, Illinois as of and for the year ended April 30, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *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 (pages 53 to 54) and schedules of pension funding information (pages 55 to 61) 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.

*C. J. Schlusser & Company LLC*

Certified Public Accountants  
Alton, Illinois

August 14, 2017

## **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, 2017. 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 16 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 funds have 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**

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 \$41,370,837 at the close of the most recent fiscal year.

The largest portion of the City's net position 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, 2017	April 30, 2016	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016
Current and other assets	\$ 3,897,481	\$ 4,784,019	\$ 12,332,088	\$ 12,940,845	\$ 16,229,569	\$ 17,724,864
Capital assets	19,819,205	18,801,629	23,515,749	22,769,413	43,334,954	41,571,042
Total assets	23,716,686	23,585,648	35,847,837	35,710,258	59,564,523	59,295,906
Deferred outflows	661,563	1,125,997	263,024	328,794	924,587	1,454,791
Long-term liabilities outstanding	10,529,078	11,157,867	7,467,007	7,029,701	17,996,085	18,187,568
Other liabilities	349,736	388,398	715,721	628,203	1,065,457	1,016,601
Total liabilities	10,878,814	11,546,265	8,182,728	7,657,904	19,061,542	19,204,169
Deferred inflows	-	25,129	56,731	244,723	56,731	269,852
Net position:						
Net investment in capital assets	14,115,623	12,610,156	17,181,877	16,710,710	31,297,500	29,320,866
Restricted	1,677,492	1,976,056	-	-	1,677,492	1,976,056
Unrestricted	(2,293,680)	(2,715,337)	10,689,525	11,425,715	8,395,845	8,710,378
Total net position	\$ 13,499,435	\$ 11,870,875	\$ 27,871,402	\$ 28,136,425	\$ 41,370,837	\$ 40,007,300

Total net position increased \$1,363,537 resulting in a balance of \$41,370,837 as of April 30, 2017. Current assets, which include cash, investments, accounts receivable and unbilled revenues, increased by \$1,498,295. Non-current assets increased \$1,763,912 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 \$191,483 due to principal retirements being offset by draws on a new loan for electric infrastructure and the additional net pension liability. The total long-term liability balance at April 30, 2017 is \$17,996,085.



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

**ANALYSIS OF NET POSITION**

<u>Analysis of Net Position</u>	<u>2017</u>		<u>2016</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	75.7%	\$ 31,297,500	73.3%	\$ 29,320,866
Restricted	4.1%	1,677,492	4.9%	1,976,056
Unrestricted	20.3%	8,395,845	21.8%	8,710,378
Total net position	100.0%	\$ 41,370,837	100.0%	\$ 40,007,300

Total net position balances increased by \$1,363,537 in fiscal year 2017 to a total ending balance of \$41,370,837. Unrestricted net asset balances decreased due to overall loss in the proprietary funds and the spending of restricted balances 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>2017</u>	<u>2016</u>
Property tax	\$ 3,034,381	\$ 3,009,163
Other charges for services	1,081,299	797,394
Sales and use tax	836,466	814,979
State income tax	705,555	765,412
Motor fuel tax	199,525	191,407
Telecommunications tax	161,434	189,632
Corporate personal property tax	25,495	22,951
Utility tax	355,094	341,613
Other taxes	84,767	81,831
Franchise fees	130,343	129,948
Hotel tax	55,904	61,441
Investment earnings	31,057	16,838
Contributions/grants	1,618	56,510
Other miscellaneous	33,923	17,521
Governmental revenues	<u>\$ 6,736,861</u>	<u>\$ 6,496,640</u>
Water, sewer and electric charges	\$ 11,050,424	\$ 10,654,849
Contributions/grants	50,489	158,128
Investment earnings	39,970	36,939
Business-type revenues	<u>\$ 11,140,883</u>	<u>\$ 10,849,916</u>

Total governmental revenues increased \$240,221 in the year ended April 30, 2017. Charges for services increased \$283,905 over the prior year due to selling an easement. Most other revenue accounts reported relatively little change from the prior year.

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

**EXPENDITURES BY CATEGORY**

**GOVERNMENTAL ACTIVITIES**

<u>Expenditures by category</u>	<u>2017</u>		<u>2016</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	-0.1%	\$ (5,330)	1.6%	\$ 98,682
Public safety	39.6%	2,110,015	49.1%	2,983,796
Streets and highways	20.0%	1,065,686	17.9%	1,088,366
Health and Welfare	13.1%	698,737	11.0%	666,578
Development	9.4%	500,997	5.0%	304,091
Cultural and recreational	14.0%	746,515	12.6%	762,719
Interest on long-term debt	4.1%	216,995	2.8%	170,424
Total expenditures	<u>100.0%</u>	<u>\$ 5,333,615</u>	<u>100.0%</u>	<u>\$ 6,074,656</u>

The City reported a decrease in the governmental activities expenditures largely due to the fluctuations from the implementation of GASB 68 and the related retirement expenditures. 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. Development expenses increased due to the costs of a census.

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>2017</u>	<u>2016</u>
General government	\$ 104,056	\$ 106,773
Public safety	117,548	132,526
Streets and highways	419,641	372,113
Health and welfare	36,156	36,183
Cultural and recreational	<u>131,214</u>	<u>135,400</u>
Total depreciation	<u>\$ 808,615</u>	<u>\$ 782,995</u>

Total capital outlay expenditures for the governmental activities in the current year totaled \$1,826,191 which included increases related to infrastructure improvements in addition to the purchase of various equipment. These capital additions were offset in the government-wide financial statements by the depreciation expense related to additions in the current and prior years.

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

**BUSINESS-TYPE ACTIVITIES**

<u>Operating Expenditures</u>	<u>2017</u>		<u>2016</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	20.7%	\$ 2,283,059	19.4%	\$ 2,085,377
Contractual services	53.0%	5,837,602	54.5%	5,844,786
Supplies and materials	1.5%	161,696	1.7%	177,255
Administrative overhead	15.2%	1,674,070	14.3%	1,537,645
Depreciation	9.7%	1,066,964	10.1%	1,084,941
Total expenditures	<u>100.0%</u>	<u>\$ 11,023,391</u>	<u>100.0%</u>	<u>\$ 10,730,004</u>

Expenses in the business type activities increased by \$293,387 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 in personal services related to the reporting of IMRF benefits under GASB 68.

**FUNDS FINANCIAL ANALYSIS**

**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 2017, the City's governmental funds reported combined ending fund balances of \$3,471,146. The governmental fund balance includes \$1,677,492 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 \$2,609,124. The fund balance of the General Fund increased by \$213,363 during the current fiscal year. Total expenditures in the General fund were \$3,072,985.

The TIF 2B fund had a slight decrease in the current year of \$8,328 to a balance of \$683,814.

**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 \$10,689,525. 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 of \$3,031,853. The budgeted amount for the General Fund was \$3,195,335. The appropriations were not amended in the current year. Total expenditures, including transfers for debt, in the General Fund did not exceed 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, 2017, amounts to \$43,334,954, 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 \$1,763,912. This increase is due to governmental infrastructure improvements of \$1,434,687 as well as infrastructure additions of \$374,212 in the business-type activities. Total additions were \$1,826,191 in the governmental fund activities and \$1,813,300 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>2017</u>	<u>April 30,</u> <u>2016</u>	<u>April 30,</u> <u>2017</u>	<u>April 30,</u> <u>2016</u>	<u>April 30,</u> <u>2017</u>	<u>April 30,</u> <u>2016</u>
Land	\$ 863,657	\$ 863,657	\$ 182,313	\$ 182,313	\$ 1,045,970	\$ 1,045,970
Land Improvements	892,579	841,803	-	-	892,579	841,803
Buildings and Improvements	2,858,986	2,917,448	2,342,291	2,483,121	5,201,277	5,400,569
Equipment	353,240	336,345	272,706	298,605	625,946	634,950
Vehicles	618,579	670,687	428,184	263,036	1,046,763	933,723
Infrastructure	14,232,164	13,171,689	20,290,255	19,542,338	34,522,419	32,714,027
	<u>\$ 19,819,205</u>	<u>\$ 18,801,629</u>	<u>\$ 23,515,749</u>	<u>\$ 22,769,413</u>	<u>\$ 43,334,954</u>	<u>\$ 41,571,042</u>

**Long-term Debt**

At the end of 2017, the City had total debt obligations of \$17,996,085 compared to \$18,187,568 at the end of 2016. The major current year addition was related to providing funding for the electric infrastructure project. Current year increases also resulted from GASB 68 reporting for retirement obligations. 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>2017</u>	<u>April 30,</u> <u>2016</u>	<u>April 30,</u> <u>2017</u>	<u>April 30,</u> <u>2016</u>	<u>April 30,</u> <u>2017</u>	<u>April 30,</u> <u>2016</u>
Notes Payable	\$ 4,163,582	\$ 4,566,473	\$ 3,248,872	\$ 2,758,703	\$ 7,412,454	\$ 7,325,176
Bonds Payable	1,540,000	1,625,000	3,085,000	3,300,000	4,625,000	4,925,000
Compensated Absences	318,154	334,211	55,335	73,517	373,489	407,728
Net Pension Liability	4,507,342	4,632,183	1,077,800	897,481	5,585,142	5,529,664
Total Debt	<u>\$ 10,529,078</u>	<u>\$ 11,157,867</u>	<u>\$ 7,467,007</u>	<u>\$ 7,029,701</u>	<u>\$ 17,996,085</u>	<u>\$ 18,187,568</u>

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

**Requests for Information**

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

**CITY OF MASCOUTAH, ILLINOIS**

**STATEMENT OF NET POSITION  
APRIL 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 3,591,114	\$ 10,154,375	\$ 13,745,489
Investments	70,790	-	70,790
Receivables (Net of allowance for uncollectible):			
Intergovernmental	495,485	-	495,485
Accounts	53,409	1,240,953	1,294,362
Interest/Other	139,677	14,751	154,428
Internal Balances	(732,671)	732,671	-
Restricted Assets - Cash and Investments	279,677	189,338	469,015
Capital Assets:			
Land	863,657	182,313	1,045,970
Land Improvements	1,463,407	-	1,463,407
Buildings and Improvements	5,660,356	9,029,371	14,689,727
Equipment	1,810,942	811,137	2,622,079
Vehicles	2,651,256	1,365,375	4,016,631
Infrastructure	17,828,402	30,448,919	48,277,321
Accumulated Depreciation	(10,458,815)	(18,321,366)	(28,780,181)
Net Capital Assets	<u>19,819,205</u>	<u>23,515,749</u>	<u>43,334,954</u>
Total Assets	<u>23,716,686</u>	<u>35,847,837</u>	<u>59,564,523</u>
<b><u>Deferred Outflows of Resources</u></b>			
Future Pension Expense	<u>661,563</u>	<u>263,024</u>	<u>924,587</u>
	<u>661,563</u>	<u>263,024</u>	<u>924,587</u>
<b><u>Liabilities</u></b>			
Accounts Payable	131,289	453,030	584,319
Accrued Payroll and Benefits	198,048	69,242	267,290
Accrued Interest Payable	20,399	4,111	24,510
Liabilities Payable from Restricted Assets:			
Customer Deposits	-	189,338	189,338
Noncurrent Liabilities:			
Due Within One Year	436,672	460,561	897,233
Due in More Than One Year	<u>10,092,406</u>	<u>7,006,446</u>	<u>17,098,852</u>
Total Liabilities	<u>10,878,814</u>	<u>8,182,728</u>	<u>19,061,542</u>
<b><u>Deferred Inflows of Resources</u></b>			
Unearned Revenue	<u>-</u>	<u>56,731</u>	<u>56,731</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	14,115,623	17,181,877	31,297,500
Restricted for:			
Debt Service	264,302	-	264,302
Other Purposes	1,413,190	-	1,413,190
Unrestricted	<u>(2,293,680)</u>	<u>10,689,525</u>	<u>8,395,845</u>
Total Net Position	<u>\$ 13,499,435</u>	<u>\$ 27,871,402</u>	<u>\$ 41,370,837</u>

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, 2017**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Governmental Activities:</b>						
General Government	\$ (5,330)	\$ 605,862	\$ -	\$ -	\$ 611,192	\$ 611,192
Public Safety	2,110,015	18,072	60	-	(2,091,883)	(2,091,883)
Streets and Highways	1,065,686	22,034	-	-	(1,043,652)	(1,043,652)
Health and Welfare	698,737	285,912	-	-	(412,825)	(412,825)
Development	500,997	-	-	-	(500,997)	(500,997)
Cultural and Recreational	746,515	149,419	1,558	-	(595,538)	(595,538)
Interest on Long-term Debt	216,995	-	-	-	(216,995)	(216,995)
Total Governmental Activities (see Note 1)	5,333,615	1,081,299	1,618	-	(4,250,698)	(4,250,698)
<b>Business-type Activities:</b>						
Waterworks and Sewerage	3,518,413	3,174,270	-	8,312	\$ (335,831)	(335,831)
Electric Light	7,662,179	7,876,154	-	42,177	256,152	256,152
Total Business-type Activities	11,180,592	11,050,424	-	50,489	(79,679)	(79,679)
Total Government	\$ 16,514,207	\$ 12,131,723	\$ 1,618	\$ 50,489	(4,330,377)	(4,330,377)
<b>General Revenues:</b>						
Property Tax, Levied for General Purposes					3,034,381	3,034,381
Sales and Use Tax					836,466	836,466
Income Tax					705,555	705,555
Corporate Personal Property Tax					25,495	25,495
Motor Fuel Tax					199,525	199,525
Telecommunications Tax					161,434	161,434
Hotel Tax					55,904	55,904
Other					84,767	84,767
Utility Tax					355,094	355,094
Franchise Fees					130,343	130,343
Investment Earnings					39,970	39,970
Miscellaneous					33,923	33,923
Transfers					(225,314)	-
Total General Revenues and Transfers					5,879,258	5,693,914
Change in Net Position					1,628,560	1,363,537
Net Position - Beginning					11,870,875	40,007,300
Net Position - Ending					\$ 13,499,435	\$ 41,370,837

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

**CITY OF MASCOUTAH, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2017

	General Fund	TIF 2B Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,689,913	\$ 683,814	\$ 1,217,387	\$ 3,591,114
Investments	70,790	-	-	70,790
Receivables (Net, where applicable, of allowances for uncollectible):				
Property Tax	427,000	925,000	1,678,000	3,030,000
Intergovernmental	467,577	-	27,908	495,485
Other	107,053	-	86,033	193,086
Due From Other Funds	627,054	-	31,114	658,168
Restricted Cash and Investments	-	-	279,677	279,677
Total Assets	<u>\$ 3,389,387</u>	<u>\$ 1,608,814</u>	<u>\$ 3,320,119</u>	<u>\$ 8,318,320</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accrued Payroll and Benefits	\$ 79,446	\$ -	\$ 30,121	\$ 109,567
Accounts Payable	59,926	-	71,363	131,289
Due to Other Funds	31,114	-	1,359,725	1,390,839
Total Liabilities	<u>170,486</u>	<u>-</u>	<u>1,461,209</u>	<u>1,631,695</u>
Deferred Inflows of Resources:				
Unearned Revenue	<u>609,777</u>	<u>925,000</u>	<u>1,680,702</u>	<u>3,215,479</u>
Fund Balances:				
Nonspendable	-	-	310,791	310,791
Restricted For:				
Debt Service	-	-	264,302	264,302
Revenue Restrictions	-	683,814	729,376	1,413,190
Unassigned	2,609,124	-	(1,126,261)	1,482,863
Total Fund Balances	<u>2,609,124</u>	<u>683,814</u>	<u>178,208</u>	<u>3,471,146</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,389,387</u>	<u>\$ 1,608,814</u>	<u>\$ 3,320,119</u>	<u>\$ 8,318,320</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, 2017

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 3,471,146
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	19,819,205
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.	185,479
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(20,399)
Accrued compensated absences are not reported as a liability on the balance sheet of the governmental funds.	(406,635)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(5,703,582)
Net pension liabilities and the related future pension expense are not reported on the balance sheet of the governmental funds.	<u>(3,845,779)</u>
Net position of governmental activities	<u>\$ 13,499,435</u>

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

# CITY OF MASCOUATAH, ILLINOIS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS FOR THE YEAR ENDED APRIL 30, 2017

	General Fund	TIF 2B Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Tax	\$ 433,927	\$ 852,660	\$ 1,747,794	\$ 3,034,381
Utility Tax	355,094	-	-	355,094
Hotel Tax	55,904	-	-	55,904
Intergovernmental	1,651,987	-	262,164	1,914,151
Licenses, Permits and Fees	105,544	-	16,880	122,424
Charges for Services	627,211	-	446,218	1,073,429
Fines and Forfeitures	11,547	-	4,242	15,789
Investment Earnings	16,616	3,821	10,620	31,057
Contributions	60	-	1,558	1,618
Miscellaneous	4,419	-	29,504	33,923
Total Revenues	<u>3,262,309</u>	<u>856,481</u>	<u>2,518,980</u>	<u>6,637,770</u>
<b>Expenditures:</b>				
Current:				
General Government	(198,929)	-	38,620	(160,309)
Public Safety	1,695,336	-	64,253	1,759,589
Streets and Highways	520,556	-	87,623	608,179
Health and Welfare	-	-	665,327	665,327
Development	104,776	316,461	79,760	500,997
Cultural and Recreational	-	-	603,942	603,942
Capital Outlay	891,749	232,265	702,177	1,826,191
Debt Service:				
Principal	58,405	166,181	352,032	576,618
Interest and Charges	1,092	102,820	98,989	202,901
Total Expenditures	<u>3,072,985</u>	<u>817,727</u>	<u>2,692,723</u>	<u>6,583,435</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>189,324</u>	<u>38,754</u>	<u>(173,743)</u>	<u>54,335</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Debt	24,653	-	64,074	88,727
Operating Transfers In	129,475	-	442,500	571,975
Operating Transfers Out	(130,089)	(47,082)	(169,490)	(346,661)
Total Other Financing Sources (Uses)	<u>24,039</u>	<u>(47,082)</u>	<u>337,084</u>	<u>314,041</u>
Net Change in Fund Balances	213,363	(8,328)	163,341	368,376
Fund Balance, Beginning of Year	<u>2,395,761</u>	<u>692,142</u>	<u>14,867</u>	<u>3,102,770</u>
Fund Balance, End of Year	<u>\$ 2,609,124</u>	<u>\$ 683,814</u>	<u>\$ 178,208</u>	<u>\$ 3,471,146</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, 2017

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

Net change in fund balances - total governmental funds	\$ 368,376
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.	1,017,576
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.	9,313
Net pension liabilities and the related future pension expense 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, these obligations are not reported as expenditures in governmental funds. This is the change in the net pension obligation between years.	(339,593)
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.	487,891
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.	99,091
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.	(14,094)
Change in net position of governmental activities	<u>\$ 1,628,560</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, 2017

	Waterworks and Sewerage	Electric Light	Total		Waterworks and Sewerage	Electric Light	Total
<b><u>Assets:</u></b>				<b><u>Liabilities:</u></b>			
Current Assets:				Current Liabilities:			
Cash	\$ 2,969,738	\$ 7,184,637	\$ 10,154,375	Accrued Payroll and Benefits	\$ 34,212	\$ 35,030	\$ 69,242
Receivables (Net, where applicable, of allowances for uncollectible):				Accounts Payable	26,974	426,056	453,030
Accounts	125,302	405,571	530,873	Accrued Interest	3,366	745	4,111
Unbilled Revenue	241,190	468,890	710,080	Deferred Connection Fees	-	56,731	56,731
Other	3,958	10,793	14,751	Notes/Leases Payable	204,180	36,381	240,561
Due from Other Funds	87,871	644,800	732,671	Bonds Payable	-	220,000	220,000
Total Current Assets	3,428,059	8,714,691	12,142,750	Total Current Liabilities	268,732	774,943	1,043,675
Noncurrent Assets:				Liabilities Payable from Restricted Assets:			
Restricted Assets:				Customer Deposits	42,817	146,521	189,338
Cash and Cash Equivalents:				Noncurrent Liabilities:			
Customer Deposits	42,817	146,521	189,338	Accrued Sick Leave	16,663	38,672	55,335
Capital Assets:				Notes/Leases Payable	2,344,503	663,808	3,008,311
Land	20,341	161,972	182,313	Net Pension Liability	458,557	619,243	1,077,800
Buildings and Improvements	5,003,902	4,025,469	9,029,371	Bonds Payable	-	2,865,000	2,865,000
Equipment	338,339	472,798	811,137	Total Noncurrent Liabilities	2,819,723	4,186,723	7,006,446
Vehicles	319,411	1,045,964	1,365,375	Total Liabilities	3,131,272	5,108,187	8,239,459
Distribution System	15,752,470	14,696,449	30,448,919				
Total	21,434,463	20,402,652	41,837,115	<b><u>Net Position:</u></b>			
Less - Accumulated Depreciation	(8,945,132)	(9,376,234)	(18,321,366)	Net Investment in Capital Assets	9,940,648	7,241,229	17,181,877
Net Capital Assets	12,489,331	11,026,418	23,515,749	Unrestricted	3,000,192	7,689,333	10,689,525
Total Noncurrent Assets	12,532,148	11,172,939	23,705,087	Total Net Position	\$ 12,940,840	\$ 14,930,562	\$ 27,871,402
Total Assets	\$ 15,960,207	\$ 19,887,630	\$ 35,847,837				
<b><u>Deferred Outflows of Resources:</u></b>							
Future Pension Expense	\$ 111,905	\$ 151,119	\$ 263,024				
	\$ 111,905	\$ 151,119	\$ 263,024				

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

# CITY OF MASCOUTAH, ILLINOIS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED APRIL 30, 2017

	Business-Type Activities--Enterprise Funds		
	Waterworks and Sewerage	Electric Light	Total
Operating Revenues:			
Charges for Services	\$ 3,174,270	\$ 7,876,154	\$ 11,050,424
Operating Expenses:			
Personal Services	968,902	1,314,157	2,283,059
Supplies	72,576	89,120	161,696
Contractual Services	1,133,982	4,703,620	5,837,602
Administrative Overhead	822,100	851,970	1,674,070
Depreciation	512,826	554,138	1,066,964
Total Operating Expenses	3,510,386	7,513,005	11,023,391
Operating Income (Loss)	(336,116)	363,149	27,033
Nonoperating Revenues (Expenses):			
Investment Earnings	11,881	28,089	39,970
Interest and Fiscal Charges	(8,027)	(149,174)	(157,201)
Total Nonoperating Revenues (Expenses)	3,854	(121,085)	(117,231)
Income Before Contributions and Transfers	(332,262)	242,064	(90,198)
Capital Contributions	8,312	42,177	50,489
Transfers In (Out)	13,910	(239,224)	(225,314)
Change in Net Position	(310,040)	45,017	(265,023)
Net Position - Beginning of Year	13,250,880	14,885,545	28,136,425
Net Position - End of Year	\$ 12,940,840	\$ 14,930,562	\$ 27,871,402

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, 2017

	Business-Type Activities--Enterprise Funds		
	Waterworks and Sewerage	Electric Light	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 3,172,225	\$ 7,922,386	\$ 11,094,611
Payments to Suppliers	(2,314,818)	(6,060,178)	(8,374,996)
Payments to Employees	(606,122)	(813,928)	(1,420,050)
Net Cash Provided by Operating Activities	<u>251,285</u>	<u>1,048,280</u>	<u>1,299,565</u>
Cash Flows from Noncapital Financing Activities:			
Payments from (to) Other Funds	67,615	243,776	311,391
Net Cash Provided (Used) by Noncapital Financing Activities	<u>67,615</u>	<u>243,776</u>	<u>311,391</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Long-Term Debt	(210,020)	(225,051)	(435,071)
Net Proceeds from Debt	-	710,240	710,240
Interest Paid on Debt	(4,986)	(148,429)	(153,415)
Customer Deposits	756	1,304	2,060
Capital Contributions	8,312	42,177	50,489
Cash Payments for Capital Assets	(244,996)	(1,568,304)	(1,813,300)
Net Cash Used by Capital Related Financing Activities	<u>(450,934)</u>	<u>(1,188,063)</u>	<u>(1,638,997)</u>
Cash Flows from Investing Activities:			
Interest Received	11,881	28,089	39,970
Net Cash Provided by Investing Activities	<u>11,881</u>	<u>28,089</u>	<u>39,970</u>
Net Change in Cash and Cash Equivalents	(120,153)	132,082	11,929
Cash and Cash Equivalents, Beginning of Year	<u>3,132,708</u>	<u>7,199,076</u>	<u>10,331,784</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,012,555</u>	<u>\$ 7,331,158</u>	<u>\$ 10,343,713</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (336,116)	\$ 363,149	\$ 27,033
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	512,826	554,138	1,066,964
(Increase) Decrease in Assets:			
Accounts Receivables	3,585	103,386	106,971
Unbilled Revenue	(5,630)	(17,360)	(22,990)
Future Pension Expense	31,920	33,850	65,770
Increase (Decrease) in Liabilities:			
Accrued Payroll and Benefits	(5,164)	(9,768)	(14,932)
Net Pension Liability	65,971	114,348	180,319
Accounts Payable	(16,107)	94,529	78,422
Deferred Fees	-	(187,992)	(187,992)
Net Cash Provided by Operating Activities	<u>\$ 251,285</u>	<u>\$ 1,048,280</u>	<u>\$ 1,299,565</u>
Reconciliation of Total Cash and Cash Equivalents			
Current Assets	\$ 2,969,738	\$ 7,184,637	\$ 10,154,375
Restricted Assets	42,817	146,521	189,338
Total Cash and Cash Investments	<u>\$ 3,012,555</u>	<u>\$ 7,331,158</u>	<u>\$ 10,343,713</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, 2017

Assets

Cash and Cash Equivalents	\$ 198,271
Investments	4,684,521
Receivables (Net of Allowance for Doubtful Accounts):	
Property Tax	268,000
Interest	<u>18,574</u>
Total Assets	<u>5,169,366</u>

Liabilities

None	<u>-</u>
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Net Position

Held in Trust For Pension Benefits and Other Purposes	<u>\$ 5,169,366</u>
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The notes to the financial statements are an integral part of this statement

**CITY OF MASCOUTAH, ILLINOIS**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND - POLICE PENSION TRUST FUND  
FOR THE YEAR ENDED APRIL 30, 2017

Additions:

Employer Contributions	\$ 266,669
Employee Contributions	83,497

Investment Earnings:

Interest and Dividends	91,841
Gain (Loss) on Sale of Investments	9,935
Net Appreciation in Fair Value of Investments	189,188
Total Investment Earnings	<u>290,964</u>
Less: Investment Expense	<u>16,210</u>
Net Investment Earnings	<u>274,754</u>
Total Additions	<u>624,920</u>

Deductions:

Benefit Payments	126,928
Administrative Expenses	<u>7,649</u>
Total Deductions	<u>134,577</u>

Change in Net Position	490,343
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Net Position - Beginning of Year	<u>4,679,023</u>
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Net Position - End of Year	<u><u>\$ 5,169,366</u></u>
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The notes to the financial statements are an integral part of this statement



# **CITY OF MASCOUTAH, ILLINOIS**

## **NOTES TO FINANCIAL STATEMENTS APRIL 30, 2017**

### **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, 2017.

**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, other revenues, and expenditures that are not restricted by law or contractual agreement to other funds are accounted for in this 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally

**CITY OF MASCOUHAH, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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.

All investments 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 uncollectible amounts.

Unbilled water, sewer and electric service receivables are recorded at year-end. They are determined by taking cycle billings subsequent

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

to April 30 and prorating the applicable number of days to the current fiscal year.

The City levied its property taxes on December 7, 2016 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 2016 become an enforceable lien in January 2017. Because this tax levy will be used to pay for expenses budgeted in fiscal year 2018, this tax levy is shown as a receivable and as unearned revenue as of April 30, 2017 in the governmental funds statements and eliminated in the statement of activities. Tax revenues reflected in these financial statements are taxes collected on the 2015 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.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction

**CITY OF MASCOUHAH, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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 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 1<sup>st</sup>. 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.

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

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

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 Balance**

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

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

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

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

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	308,291
Park Board Leu	<u>2,500</u>
	<u>\$ 310,791</u>

Restricted:

Debt Service	\$ 264,302
Fire Fund	11,780
TIF #2B	683,814
Public Library	280,859
Motor Fuel Tax	272,855
Playground & Recreation Fund	121,534
Retirement Fund	<u>42,348</u>
	<u>\$ 1,677,492</u>

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)**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Governmental & Business-Type Activities

At April 30, 2017, the carrying amount of the City's deposits was \$14,284,694 and the bank balance was \$14,901,176. 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, 2017, the City's deposits were covered by FDIC insurance or collateralized by the financial institutions.

At April 30, 2017, the City had the following cash and investments:

	Weighted Average Maturity (Days)	Fair Value
Cash on Hand	N/A	\$ 600
Deposits as reported above	N/A	14,284,694
Total deposits and investments		<u>\$ 14,285,294</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 13,745,489
Investments		70,790
Cash and Cash Equivalents - Restricted		469,015
		<u>\$ 14,285,294</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, 2017, the City did not have a credit risk.

Concentration of Credit Risk. As of April 30, 2017, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2017, the City did not have a foreign currency risk.

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

**Police Pension Fund**

At April 30, 2017, the carrying amount and the bank balance of the Police Pension Fund's deposits was \$198,271. The deposits are comprised of an interest checking account and a money market account.

**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, 2017, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Mutual Funds	--	\$ 2,134,740
US Treasury Notes	4.55	835,338
US Treasury Bonds	17.66	299,121
FHLMC	1.07	30,132
FFCB	6.72	61,169
FHLB	4.48	149,020
FNMA	6.25	25,153
Corporate Bonds	8.29	1,149,848
Deposits as reported above		198,271
Total deposits and investments		<u>\$ 4,882,792</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, 2017, the Police Pension Fund had investments in corporate bonds with Moody's ratings of Aa1 to Baa3.

**Concentration of Credit Risk.** As of April 30, 2017, the Police Pension Fund did not have a concentration of credit risk.

**Foreign Currency Risk.** As of April 30, 2017, the Police Pension Fund did not have a foreign currency risk.

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

**NOTE 3: RECEIVABLES**

City receivables, as reported in the statement of net assets, including the applicable allowances for uncollectible accounts, are as follows as of April 30, 2017:

	<u>General Fund</u>	<u>TIF 2B Fund</u>	<u>Enterprise Funds</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Licenses/Fees/Other	\$107,053	\$ -	\$ 14,751	\$ 32,624	\$ 154,428
Accounts	-	-	1,369,339	212,530	1,581,869
Intergovernmental	<u>467,577</u>	<u>-</u>	<u>-</u>	<u>27,908</u>	<u>495,485</u>
Gross Receivables	574,630	-	1,384,090	273,062	2,231,782
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>128,386</u>	<u>159,121</u>	<u>287,507</u>
Net Total Receivables	<u>\$574,630</u>	<u>\$ -</u>	<u>\$1,255,704</u>	<u>\$ 113,941</u>	<u>\$1,944,275</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 2008 due in annual installments of \$330,000 to \$520,000 through November 1, 2027; interest at 4.20% 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, 2017 is \$4,625,000.

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

The annual requirements to retire general obligation bonds as of April 30, 2017 are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 110,000	\$ 70,467	\$ 220,000	\$ 141,171
2019	115,000	64,692	235,000	129,621
2020	120,000	58,655	245,000	117,284
2021	125,000	53,615	255,000	106,994
2022	135,000	48,240	265,000	96,029
2023-2027	760,000	147,059	1,520,000	292,728
2028	175,000	8,093	345,000	15,955
	<u>\$ 1,540,000</u>	<u>\$ 450,821</u>	<u>\$ 3,085,000</u>	<u>\$ 899,782</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, 2017 is \$22,849.

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, 2017 is \$1,641,114.

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, 2017 is \$363,813.

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 note is being retired by the Waterworks and Sewerage Fund. The outstanding balance as of April 30, 2017 is \$520,907.

**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, 2017 is \$336,264.

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 loan and related interest are being retired by the Debt Service Fund. The outstanding balance as of April 30, 2017 is \$107,806.

On May 20, 2014, the City entered into a loan agreement with Citizens Community Bank for \$3,925,000 to provide funds for infrastructure improvements. The loan is due on demand, or if no demand, in 19 quarterly installments of \$33,447, interest at 2.75 percent, with a balloon payment on May 20, 2019. The loan and related interest are being retired by the General Fund. The outstanding balance drawn down as of April 30, 2017 is \$3,684,083.

On September 2, 2015, the City entered into a loan agreement with First Federal Savings Bank of Mascoutah for \$45,864 to purchase two police vehicles. The loan is due in 2 annual installments of \$23,447, including interest at 1.49 percent. The loan and related interest are being retired by the General Fund. The outstanding balance as of April 30, 2017 is \$23,103.

On July 18, 2016, the City entered into a loan agreement with Citizens Community Bank to provide funds up to \$7,000,000 for the Electric Phase II infrastructure project. The loan and related interest are being retired based on the funded balance at the time quarterly payments are due with interest at 3.24 percent. Final payment is due on July 18, 2026. The loan and related interest are being retired by the Light Fund. The outstanding balance drawn down as of April 30, 2017 is \$700,189.

On July 29, 2016, the City entered into a loan agreement with Citizens Community Bank for \$24,653. The loan is due on demand, but if no demand is made, the loan is to be repaid in 2 installments of \$12,326, plus interest at 1.50 percent. The loan and related interest are being retired by the General Fund. The outstanding balance as of April 30, 2017 is \$12,326.

**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
2018	\$ 326,672	\$ 119,773	\$ 240,561	\$ 18,334
2019	188,144	112,592	250,685	26,745
2020	3,354,535	39,919	253,357	24,073
2021	14,011	16,183	256,108	21,323
2022	14,011	15,412	258,940	18,490
2023-2027	70,055	65,501	1,295,231	47,074
2028-2032	70,055	46,236	693,990	6,584
2033-2037	70,055	26,971	-	-
2038-2041	56,044	7,706	-	-
	<u>\$ 4,163,582</u>	<u>\$ 450,293</u>	<u>\$ 3,248,872</u>	<u>\$ 162,623</u>

The following is a summary of changes in long-term liabilities for the year ended April 30, 2017:

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 1,625,000	\$ -	\$ 85,000	\$ 1,540,000	\$ 110,000
Notes payable	4,566,473	88,727	491,618	4,163,582	326,672
Compensated absences	334,211	-	16,057	318,154	-
Net pension liability	4,632,183	-	124,841	4,507,342	-
Governmental activities long-term liabilities	<u>\$ 11,157,867</u>	<u>\$ 88,727</u>	<u>\$ 717,516</u>	<u>\$ 10,529,078</u>	<u>\$ 436,672</u>
<u>Business-type Activities:</u>					
General obligation bonds	\$ 3,300,000	\$ -	\$ 215,000	\$ 3,085,000	\$ 220,000
Notes payable	2,758,703	710,240	220,071	3,248,872	240,561
Net pension liability	897,481	180,319	-	1,077,800	-
Compensated absences	73,517	-	18,182	55,335	-
Business-type activities long-term liabilities	<u>\$ 7,029,701</u>	<u>\$ 890,559</u>	<u>\$ 453,253</u>	<u>\$ 7,467,007</u>	<u>\$ 460,561</u>

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

**NOTE 5: CAPITAL ASSETS**

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

	Beginning Balance	Additions/ Completions	Retirements/ Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 863,657	\$ -	\$ -	\$ 863,657
Capital assets, being depreciated:				
Land improvements	1,361,382	102,025	-	1,463,407
Buildings and improvements	5,559,230	101,126	-	5,660,356
Equipment	1,730,487	80,455	-	1,810,942
Vehicles	2,598,835	107,898	55,477	2,651,256
Infrastructure	16,393,715	1,434,687	-	17,828,402
Total capital assets being depreciated	27,643,649	1,826,191	55,477	29,414,363
Less accumulated depreciation for:				
Land improvements	519,579	51,249	-	570,828
Buildings and improvements	2,641,782	159,588	-	2,801,370
Equipment	1,394,142	63,560	-	1,457,702
Vehicles	1,928,148	160,006	55,477	2,032,677
Infrastructure	3,222,026	374,212	-	3,596,238
Total accumulated depreciation	9,705,677	808,615	55,477	10,458,815
Total capital assets, being depreciated, net	17,937,972	1,017,576	-	18,955,548
Governmental activities capital assets, net	\$ 18,801,629	\$ 1,017,576	\$ -	\$ 19,819,205
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 182,313	\$ -	\$ -	\$ 182,313
Capital assets, being depreciated:				
Buildings and improvements	9,009,871	19,500	-	9,029,371
Distribution systems	28,930,015	1,518,904	-	30,448,919
Equipment	790,581	20,556	-	811,137
Vehicles	1,281,469	254,340	170,434	1,365,375
Total capital assets, being depreciated	40,011,936	1,813,300	170,434	41,654,802
Less accumulated depreciation for:				
Buildings and improvements	6,526,750	160,330	-	6,687,080
Distribution systems	9,387,677	770,987	-	10,158,664
Equipment	491,976	46,455	-	538,431
Vehicles	1,018,433	89,192	170,434	937,191
Total accumulated depreciation	17,424,836	1,066,964	170,434	18,321,366
Total capital assets, being depreciated, net	22,587,100	746,336	-	23,333,436
Business-type activities capital assets, net	\$ 22,769,413	\$ 746,336	\$ -	\$ 23,515,749

**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	\$ 104,056
Public safety	117,548
Streets and highways, including depreciation of general infrastructure assets	419,641
Health and welfare	36,156
Cultural and recreational	131,214
Total depreciation expense - governmental activities	<u>\$ 808,615</u>
Business-type activities:	
Electric, waterworks and sewerage	<u>\$ 1,066,964</u>

**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES**

The following is a schedule of interfund receivables and payables for the year ending April 30, 2017.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 627,054	\$ 31,114
Fire Fund	-	65,000
TIF #1 Fund	-	406,300
TIF #3 Fund	-	30,594
Business District Fund	-	596,460
Special Service Area Fund	-	22,871
Ambulance Fund	-	238,500
Cemetery Trust Fund	31,114	-
Waterworks and Sewerage Fund	87,871	-
Electric Light Fund	<u>644,800</u>	-
Totals	<u>\$ 1,390,839</u>	<u>\$ 1,390,839</u>

**NOTE 7: RETIREMENT AND PENSION FUND COMMITMENTS**

1. Illinois Municipal Retirement Fund

*Plan Description.* The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).



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

*Funding Policy.* As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2016 was 11.74 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.

*Covered Employees.* The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	31
Inactive, non-Retired Members	12
Active Members	<u>46</u>
Total	<u>89</u>

*Discount Rate.* GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78%; and the resulting single discount rate is 7.50%.

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

Actuarial Valuation Date	12/31/16
Measurement Date of the Net Pension Liability	12/31/16
Fiscal Year End	04/30/17

Development of the Single Discount Rate as of December 31, 2016	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.78%
Last year ending December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded	2116
Resulting Single Discount Rate based on the above development	7.50%
Single Discount Rate calculated using December 31, 2015 Measurement Date	7.48%

The Long-Term Municipal Bond Rate is based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 29, 2016.

*Actuarial Assumptions.* The following are the actuarial assumptions used in the calculation of the net pension liability.

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period Taxing bodies: 27 year closed period until remaining period reaches 15 years (then 15 year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

*Net Pension Liability.* The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

**Total pension liability**

Service Cost	\$ 270,111
Interest on the Total Pension Liability	902,425
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(18,355)
Changes of assumptions	(34,082)
Benefit payments, including refunds of employee contributions	<u>(480,822)</u>
Net change in total pension liability	\$ 639,277
Total pension liability - beginning	<u>12,169,855</u>
Total pension liability - ending	<u><u>\$ 12,809,132</u></u>

**Plan fiduciary net position**

Contributions - employer	\$ 316,257
Contributions - employee	121,635
Net investment income	716,818
Benefit payments, including refunds of employee contributions	(480,822)
Other (Net Transfer)	<u>(308,642)</u>
Net change in plan fiduciary net position	\$ 365,246
Plan fiduciary net position - beginning	<u>10,474,513</u>
Plan fiduciary net position - ending	<u><u>\$ 10,839,759</u></u>

<b>Net pension liability/(asset)</b>	<b><u><u>\$ 1,969,373</u></u></b>
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<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.63%</b>
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<b>Covered valuation payroll</b>	<b>\$ 2,693,845</b>
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<b>Net pension liability as a percentage of covered valuation payroll</b>	<b>73.11%</b>
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**CITY OF MASCOUTAH, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Total Pension Liability	\$ 14,654,792	\$ 12,809,132	\$ 11,300,925
Plan Fiduciary Net Position	<u>10,839,759</u>	<u>10,839,759</u>	<u>10,839,759</u>
Net Pension Liability/(Asset)	<u>\$ 3,815,033</u>	<u>\$ 1,969,373</u>	<u>\$ 461,166</u>

*Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses.* The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 78,686
Changes in assumptions	10,428	27,969
Subsequent contributions	90,509	
Net difference between projected and actual earnings on pension plan investments	486,320	-
Total	<u>\$ 587,257</u>	<u>\$ 106,655</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2017	\$ 225,002
2018	134,493
2019	134,491
2020	(7,972)
2021	(5,412)
	<u>\$ 480,602</u>

**2. Sheriff's Law Enforcement Personnel (SLEP)**

*Plan Description.* The City's defined benefit pension plan for certain City SLEP eligible employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. Membership in SLEP is based on several factors including the member's role at the employer and type of appointment. SLEP members include many Illinois county sheriffs and deputy sheriffs, correctional officers, forest preserve district rangers, airport police and police chiefs. 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

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

that includes financial statements and required supplementary information. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, members are required to contribute 7.50 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 annual employer annual required contribution for calendar year 2016 was \$45,891. 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.

*Covered Employees.* The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	1
Inactive, non-Retired Members	0
Active Members	<u>0</u>
Total	<u>1</u>

*Discount Rate.* GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78%; and the resulting single discount rate is 7.50%.

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

Actuarial Valuation Date	12/31/16
Measurement Date of the Net Pension Liability	12/31/16
Fiscal Year End	04/30/17

Development of the Single Discount Rate as of December 31, 2016	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.78%
Last year ending December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded	2116
Resulting Single Discount Rate based on the above development	7.50%
Single Discount Rate calculated using December 31, 2015 Measurement Date	7.02%

The Long-Term Municipal Bond Rate is based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 29, 2016.

*Actuarial Assumptions.* The following are the actuarial assumptions used in the calculation of the net pension liability.

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

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

*Net Pension Liability.* The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

**Total pension liability**

Service Cost	\$ -
Interest on the Total Pension Liability	62,622
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(437,196)
Changes of assumptions	(25,209)
Benefit payments, including refunds of employee contributions	<u>(37,758)</u>
Net change in total pension liability	\$ (437,541)
Total pension liability - beginning	<u>910,927</u>
Total pension liability - ending	<u><u>\$ 473,386</u></u>

**Plan fiduciary net position**

Contributions - employer	\$ 45,381
Contributions - employee	-
Net investment income	37,131
Benefit payments, including refunds of employee contributions	(37,758)
Other (Net Transfer)	<u>(420,533)</u>
Net change in plan fiduciary net position	\$ (375,779)
Plan fiduciary net position - beginning	<u>556,803</u>
Plan fiduciary net position - ending	<u><u>\$ 181,024</u></u>

<b>Net pension liability/(asset)</b>	<u><u>\$ 292,362</u></u>
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<b>Plan fiduciary net position as a percentage of the total pension liability</b>	38.24%
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<b>Covered valuation payroll</b>	\$ -
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<b>Net pension liability as a percentage of covered valuation payroll</b>	0.00%
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**CITY OF MASCOUTAH, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Total Pension Liability	\$ 528,541	\$ 473,386	\$ 427,448
Plan Fiduciary Net Position	181,024	181,024	181,024
Net Pension Liability/(Asset)	<u>\$ 347,517</u>	<u>\$ 292,362</u>	<u>\$ 246,424</u>

*Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses.* The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Subsequent contributions	13,846	
Net difference between projected and actual earnings on pension plan investments	22,976	8,684
Total	<u>\$ 36,822</u>	<u>\$ 8,684</u>

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 19,333
2018	5,487
2019	5,489
2020	(2,171)
2021	-
	<u>\$ 28,138</u>



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

3. Police Pension

a) Plan Description

Plan Administration. The Board consists of two members appointed by the City, two active members of the police department elected by the membership, and one retired member of the police department elected by the membership.

Plan Membership as of April 30, 2017:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	5
Inactive Plan Member Entitled to Deferral of Benefits	1
Active Plan Members	<u>11</u>
Total	<u>17</u>

Benefits Provided.

The Plan provides retirement, termination, disability, and death benefits.

Normal Retirement:

Tier 1: Age 50 and 20 years of Credited Service. Tier 2: Age 55 with 10 years of Credited Service. Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.5% of annual salary for each year over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month. Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

Cost of Living Adjustment:

Tier 1 Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2: An annual increase each January 1 equal to 3.00 per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the twelve months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Disability Benefit:

Eligibility: Total and permanent as determined by the Board of Trustees. Benefit: A maximum of: a.) 65% of salary attached to the rank held by the member on last day of service, and; b.) The

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

monthly retirement pension that the member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by member on last day of service.

**Pre-Retirement Death Benefit:**

Service Incurred: 100% of salary attached to rank held by member on last day of service. Non-Service Incurred: A maximum of: a.) 50% of salary attached to the rank held by member on last day of service, and; b.) The monthly retirement pension earned by the deceased member at time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

**Vesting (Termination):**

Less than 10 years: Refund of Member Contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination times creditable service.

**Contributions.**

Employee: 9.91% of Salary. City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over a period ending in 2040.

**b) Investments**

**Investment Policy:**

The City follows the guidelines as set by the Illinois Compiled Statutes regarding the targeted investment allocation.

**Concentrations:**

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

**Rate of Return:**

For the year ended April 30, 2017, the annual rate of return on pension plan investments, net of pension plan investment expense, was 5.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2017 were as follows:

Total Pension Liability	\$ 8,492,773
Plan Fiduciary Net Position	<u>(5,169,366)</u>
Net Pension Liability	<u>\$ 3,323,407</u>
Plan Fiduciary Net Position	
as a % of Total Pension Liability	60.87%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2017 using the following actuarial assumptions.

Inflation	2.50%
Salary Increases	3.25%
Discount Rate used for the Net Pension Liability	5.66%
Retirement Mortality Rate: L&A 2016 Illinois Police 100% capped at age 65	
Disabled Mortality Rate: L&A 2016 Illinois Police Disability	

The long-term expected rate of return on pension plan investments was determined using best estimate of future real rates of return (expected returns, net of pension plan investment expenses and inflation) and are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class as of April 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	-0.25%
Short Term Bonds	0.75%
Intermediate Term Bonds	1.25%
Long Term Bonds	2.25%
Large Cap Growth	4.75%
Large Cap Value	5.75%
Emerging Markets	6.75%

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

**Discount Rate:**

The discount rate used to measure the total pension liability was 5.66 percent. The projection of cash flows were used to determine the extent which the plan's future net position will be able to cover future benefit payments. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future projected benefit payments through 2062. To the extent future benefit payments are not covered by the plan's net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of May 01, 2016	\$ 8,159,220	\$ 4,679,023	\$ 3,480,197
Changes for a year			
Service Cost	277,332	-	277,332
Interest	458,220	-	458,220
Differences between expected and actual experience	(1,072)	-	(1,072)
Changes of assumptions	(273,999)	-	(273,999)
Changes of benefit terms	-	-	-
Contributions - employer	-	266,669	(266,669)
Contributions - employee	-	83,497	(83,497)
Net investment income	-	274,754	(274,754)
Benefit payments, including refunds	(126,928)	(126,928)	-
Administrative	-	(7,649)	7,649
Net Changes	333,553	490,343	(156,790)
Balances as of April 30, 2017	<u>\$ 8,492,773</u>	<u>\$ 5,169,366</u>	<u>\$ 3,323,407</u>

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	Current Discount		
	1% Decrease	Rate	1% Increase
	4.66%	5.66%	6.66%
Net Pension Liability	\$ 4,819,358	\$ 3,323,407	\$ 2,132,099

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

*Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses.* For the year ended April 30, 2017, the City recognized a pension expense of \$481,970. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 41,200
Changes in assumptions	474,380	234,744
Net difference between projected and actual earnings on pension plan investments	<u>217,411</u>	<u>-</u>
Total	<u>\$ 691,791</u>	<u>\$ 275,944</u>

<u>Year Ending December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2018	\$ 109,474
2019	109,474
2020	109,471
2021	40,324
2022	37,833
Thereafter	<u>9,271</u>
	<u>\$ 415,847</u>

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

**NOTE 8: SUBSEQUENT EVENTS**

The City has evaluated events occurring after the financial statement date through August 14, 2017 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 is 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 Ward Site. There is a present action with which the City is not presently involved. However, the EPA has expressed an opinion that the City is liable for a proportionate share of the clean-up costs. As of April 30, 2017, the City is denying liability. The likelihood of an unfavorable outcome is 60% with a range of loss of \$200,000 to \$400,000.

There is a claim alleging that the City was negligent and as a result, the Plaintiff was electrocuted and died. This matter was recently filed and discovery has just begun. To date, no facts have come to light which would subject the City to liability. The City denies liability. The likelihood of an unfavorable outcome is 10% with a range of loss of \$1,000,000 to \$5,000,000.

There is a case alleging that the City is violating zoning and wrongfully denying Plaintiff the right to build a large apartment complex. This matter was recently filed and discovery has just begun. The City denies liability. The likelihood of an unfavorable outcome is 25% with a range of loss of \$100,000 to \$150,000.

There is a claim alleging the City was negligent and caused the Plaintiff's basement to flood with raw sewage. This matter was recently filed. The City denies liability. The likelihood of an unfavorable outcome is 75% with a verdict range of \$10,000 to \$25,000.

There is a claim alleging that the City negligently maintained playground equipment which caused the minor plaintiff to break her leg. The matter was recently filed and the City is awaiting written discovery responses. The City denies liability. The likelihood of unfavorable outcome is 20% with a range of loss of \$50,000 to \$150,000.

There are no other asserted, unasserted or threatened litigation matters that are known at this time.

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

**NOTE 9: INTERFUND TRANSFERS**

The following is a summary of interfund transfers for the year ended April 30, 2017:

General Fund Transfer From (To):	
Cemetery Trust Fund	\$ 3,000
IMRF Fund	126,475
Debt Service Fund	(33,652)
Ambulance Fund	(65,548)
Playground & Recreation Fund	(30,889)
TIF #2 Fund Transfer (To):	
Water and Sewer Fund	(47,082)
Playground & Recreation Fund Transfer From:	
Water and Sewer Fund	30,889
Ambulance Fund Transfer From:	
General Fund	65,548
IMRF Fund	40,015
IMRF Fund Transfer (To):	
General Fund	(126,475)
Ambulance Fund	(40,015)
Debt Service Fund Transfer From (To):	
General Fund	33,652
Electric Light Fund	239,224
Water and Sewer Fund	33,172
Water and Sewer Fund Transfer From:	
TIF #2 Fund	47,082
Debt Service Fund	(33,172)
Electric Light Fund Transfer From (To):	
Debt Service Fund	(239,224)
Cemetery Trust Fund Transfer (To):	
General Fund	(3,000)
	<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

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual
	Original	Final	(Budget Basis)
Receipts:			
Property Tax	\$ 428,355	\$ 428,355	\$ 433,927
Utility Tax	327,540	327,540	355,250
Hotel Tax	53,000	53,000	56,794
Intergovernmental	1,891,181	1,891,181	1,742,347
Licenses and Permits	102,800	102,800	108,117
Charges for Services	454,359	454,359	623,899
Fines and Forfeitures	22,750	22,750	11,547
Investment Earnings	5,200	5,200	9,076
Miscellaneous	5,800	5,800	5,101
Total Receipts	<u>3,290,985</u>	<u>3,290,985</u>	<u>3,346,058</u>
Disbursements			
Current:			
General Government	(103,510)	(103,510)	(238,661)
Public Safety	1,612,800	1,612,800	1,689,811
Streets and Highways	638,235	638,235	598,470
Development	142,020	142,020	104,776
Capital Outlay	905,790	905,790	877,457
Total Disbursements	<u>3,195,335</u>	<u>3,195,335</u>	<u>3,031,853</u>
Excess of Receipts Over Disbursements	<u>95,650</u>	<u>95,650</u>	<u>314,205</u>
Other Financing Sources:			
Transfers In	85,449	85,449	86,292
Transfers Out	<u>(50,910)</u>	<u>(50,910)</u>	<u>(30,889)</u>
Excess of Receipts and Other Financing Sources Over Disbursements	<u>\$ 130,189</u>	<u>\$ 130,189</u>	<u>369,608</u>
Change for reporting on modified accrual basis:			
Change in intergovernmental revenue on modified accrual basis			(101,474)
Change in utility tax revenue on modified accrual basis			(156)
Change in other receivables on modified accrual basis			(890)
Change in accrued salaries on modified accrual basis			(30,373)
Change in franchise fee revenue on modified accrual basis			(986)
Change in tower lease revenue on modified accrual basis			24,928
Change in accounts payable on modified accrual basis			20,680
Change in transfer amount from other funds			<u>(67,974)</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 213,363</u>



**CITY OF MASCOUTAH, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)  
TIF 2B FUND  
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Budget</u>	<u>(Budget Basis)</u>
Receipts:			
Property Tax	\$ 793,610	\$ 793,610	\$ 852,660
Investment Earnings	2,500	2,500	3,821
Total Receipts	<u>796,110</u>	<u>796,110</u>	<u>856,481</u>
Disbursements:			
Development	45,500	45,500	250
Debt Payment	522,750	522,750	571,841
Project Costs	<u>930,000</u>	<u>930,000</u>	<u>275,636</u>
Total Disbursements	<u>1,498,250</u>	<u>1,498,250</u>	<u>847,727</u>
Excess of Receipts Over Disbursements	<u>(702,140)</u>	<u>(702,140)</u>	<u>8,754</u>
Other Financing Sources:			
Transfers Out	<u>-</u>	<u>-</u>	<u>(47,082)</u>
Excess of Receipts and Other Financing Sources Over Disbursements	<u>\$ (702,140)</u>	<u>\$ (702,140)</u>	<u>(38,328)</u>
Change for reporting on modified accrual basis:			
Change in accounts payable on modified accrual basis			<u>30,000</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (8,328)</u>

**CITY OF MASCOUTAH, ILLINOIS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND  
APRIL 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:			
Service Cost	\$ 277,332	\$ 285,669	\$ 275,565
Interest	458,220	382,767	361,003
Differences between expected and actual	(1,072)	(54,619)	-
Changes in assumptions	(273,999)	643,200	-
Benefit payments, including refunds	<u>(126,928)</u>	<u>(114,379)</u>	<u>(109,971)</u>
Net change in total pension liability	333,553	1,142,638	526,597
Total pension liability - beginning	<u>8,159,220</u>	<u>7,016,582</u>	<u>6,489,985</u>
Total pension liability - ending	<u><u>\$ 8,492,773</u></u>	<u><u>\$ 8,159,220</u></u>	<u><u>\$ 7,016,582</u></u>
Plan Fiduciary Net Position			
Contributions - employer	266,669	264,929	261,621
Contributions - employee	83,497	82,182	76,899
Net investment income	274,754	(67,680)	206,177
Benefit payments, including refunds	(126,928)	(114,379)	(109,971)
Administrative	<u>(7,649)</u>	<u>(8,215)</u>	<u>(8,844)</u>
Net change in plan fiduciary net position	490,343	156,837	425,882
Plan fiduciary net position - beginning	<u>4,679,023</u>	<u>4,522,186</u>	<u>4,096,304</u>
Plan fiduciary net position - ending	<u><u>\$ 5,169,366</u></u>	<u><u>\$ 4,679,023</u></u>	<u><u>\$ 4,522,186</u></u>
Net Pension Liability	<u><u>\$ 3,323,407</u></u>	<u><u>\$ 3,480,197</u></u>	<u><u>\$ 2,494,396</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u>60.87%</u>	<u>57.35%</u>	<u>64.45%</u>
Covered-employee Payroll	<u>\$ 999,389</u>	<u>\$ 950,533</u>	<u>\$ 801,416</u>
Net position liability as a percentage of covered-employee payroll	<u>332.54%</u>	<u>366.13%</u>	<u>311.25%</u>

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
APRIL 30, 2017

	<u>2016</u>	<u>2015</u>
Total Pension Liability:		
Service Cost	\$ 270,111	\$ 265,973
Interest	902,425	861,516
Difference between expected and actual experience	(18,355)	(98,315)
Assumption changes	(34,082)	16,114
Benefit payments, including refunds	<u>(480,822)</u>	<u>(489,338)</u>
Net change in total pension liability	639,277	555,950
Total pension liability - beginning	<u>12,169,855</u>	<u>11,613,905</u>
Total pension liability - ending	<u>\$ 12,809,132</u>	<u>\$ 12,169,855</u>
Plan Fiduciary Net Position		
Contributions - employer	316,257	295,019
Contributions - employee	121,635	109,357
Net investment income	716,818	52,925
Benefit payments, including refunds	(480,822)	(489,338)
Other	<u>(308,642)</u>	<u>(120,996)</u>
Net change in plan fiduciary net position	365,246	(153,033)
Plan fiduciary net position - beginning	<u>10,474,513</u>	<u>10,627,546</u>
Plan fiduciary net position - ending	<u>\$ 10,839,759</u>	<u>\$ 10,474,513</u>
Net Pension Liability	<u>\$ 1,969,373</u>	<u>\$ 1,695,342</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.63%</u>	<u>86.07%</u>
Covered-employee Payroll	<u>\$ 2,693,845</u>	<u>\$ 2,430,144</u>
Net position liability as a percentage of covered-employee payroll	<u>73.11%</u>	<u>69.76%</u>

**CITY OF MASCOUTAH, ILLINOIS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
SLEP FUND  
APRIL 30, 2017

	<u>2016</u>	<u>2015</u>
Total Pension Liability:		
Service Cost	\$ -	\$ -
Interest	62,622	61,336
Difference between expected and actual experience	(437,196)	5,343
Assumption changes	(25,209)	(6,781)
Benefit payments, including refunds	<u>(37,758)</u>	<u>(63,014)</u>
Net change in total pension liability	(437,541)	(3,116)
Total pension liability - beginning	<u>910,927</u>	<u>914,043</u>
Total pension liability - ending	<u>\$ 473,386</u>	<u>\$ 910,927</u>
Plan Fiduciary Net Position		
Contributions - employer	45,381	45,891
Contributions - employee	-	-
Net investment income	37,131	2,645
Benefit payments, including refunds	(37,758)	(63,014)
Other	<u>(420,533)</u>	<u>33,795</u>
Net change in plan fiduciary net position	(375,779)	19,317
Plan fiduciary net position - beginning	<u>556,803</u>	<u>537,486</u>
Plan fiduciary net position - ending	<u>\$ 181,024</u>	<u>\$ 556,803</u>
Net Pension Liability	<u>\$ 292,362</u>	<u>\$ 354,124</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>38.24%</u>	<u>61.12%</u>
Covered-employee Payroll	<u>\$ -</u>	<u>\$ -</u>
Net position liability as a percentage of covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>

**CITY OF MASCOUTAH, ILLINOIS**

**SCHEDULE OF CONTRIBUTIONS  
POLICE PENSION FUND  
APRIL 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 268,325	\$ 263,248	\$ 268,829
Contributions in relation to actuarial determined contribution	<u>266,669</u>	<u>264,929</u>	<u>261,621</u>
Contribution deficiency (excess)	<u>\$ 1,656</u>	<u>\$ (1,681)</u>	<u>\$ 7,208</u>
 Covered-employee Payroll	 <u>999,389</u>	 <u>950,533</u>	 <u>801,416</u>
 Contributions as a percentage of covered-employee payroll	 <u>26.68%</u>	 <u>27.87%</u>	 <u>32.64%</u>

Actuarial valuations are performed as of April 30 each year with the related contributions to be paid in the following year. Actuarial valuation date for above is April 30, 2016.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	23 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate	6.00% (5.50% Prior)
Payroll Growth	3.25%
Cost of Living	2.50%

**CITY OF MASCOUTAH, ILLINOIS**

**SCHEDULE OF CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
APRIL 30, 2016**

	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 316,257	\$ 295,019
Contributions in relation to actuarial determined contribution	<u>316,257</u>	<u>295,019</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee Payroll	 <u>2,693,845</u>	 <u>2,430,144</u>
 Contributions as a percentage of covered-employee payroll	 <u>11.74%</u>	 <u>12.14%</u>

Actuarial valuation date for above is December 31, 2016.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	27 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate (current and prior)	7.50%
Payroll Growth	3.50%
Cost of Living	2.75%

**CITY OF MASCOUATAH, ILLINOIS**

**SCHEDULE OF CONTRIBUTIONS**

**SLEP FUND**

**APRIL 30, 2017**

	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ -	\$ -
Contributions in relation to actuarial determined contribution	<u>45,891</u>	<u>45,891</u>
Contribution deficiency (excess)	<u>\$ (45,891)</u>	<u>\$ (45,891)</u>
 Covered-employee Payroll	 <u>-</u>	 <u>-</u>
 Contributions as a percentage of covered-employee payroll	 <u>0.00%</u>	 <u>0.00%</u>

Actuarial valuation date for above is December 31, 2015.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	27 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate (current and prior)	7.50%
Payroll Growth	3.50%
Cost of Living	2.75%

**CITY OF MASCOUTAH, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND  
APRIL 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual rate of return, net of investment expense	5.87%	-1.50%	5.41%



**CITY OF MASCOUTAH, ILLINOIS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2017

	Total Special Revenue	Capital Projects	Debt Service	Permanent Funds			Total Nonmajor Governmental Funds
				Cemetery Trust	Park Board Leu	Total	
<b><u>Assets</u></b>							
Cash and Cash Equivalents	\$ 953,085	\$ -	\$ 264,302	\$ -	\$ -	\$ -	\$ 1,217,387
Receivables (Net of Allowance for Doubtful Accounts):							
Property Tax	1,497,000	-	181,000	-	-	-	1,678,000
Intergovernmental	27,908	-	-	-	-	-	27,908
Other	86,033	-	-	-	-	-	86,033
Due from Other Funds	-	-	-	31,114	-	31,114	31,114
Restricted Cash and Investments	-	-	-	277,177	2,500	279,677	279,677
<b>Total Assets</b>	<b>\$ 2,564,026</b>	<b>\$ -</b>	<b>\$ 445,302</b>	<b>\$ 308,291</b>	<b>\$ 2,500</b>	<b>\$ 310,791</b>	<b>\$ 3,320,119</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u></b>							
<b>Liabilities:</b>							
Accrued Payroll and Benefits	\$ 30,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,121
Accounts Payable	71,363	-	-	-	-	-	71,363
Due to Other Funds	1,359,725	-	-	-	-	-	1,359,725
<b>Total Liabilities</b>	<b>1,461,209</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,461,209</b>
<b>Deferred Inflow of Resources</b>							
Unearned Revenue	1,499,702	-	181,000	-	-	-	1,680,702
<b>Fund Balances:</b>							
Nonspendable	-	-	-	308,291	2,500	310,791	310,791
Restricted For:							
Debt Service	-	-	264,302	-	-	-	264,302
Revenue Restrictions	729,376	-	-	-	-	-	729,376
Unassigned	(1,126,261)	-	-	-	-	-	(1,126,261)
<b>Total Fund Balances</b>	<b>(396,885)</b>	<b>-</b>	<b>264,302</b>	<b>308,291</b>	<b>2,500</b>	<b>310,791</b>	<b>178,208</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,564,026</b>	<b>\$ -</b>	<b>\$ 445,302</b>	<b>\$ 308,291</b>	<b>\$ 2,500</b>	<b>\$ 310,791</b>	<b>\$ 3,320,119</b>

**CITY OF MASCOUTAH, ILLINOIS**

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2017

	Total Special Revenue	Capital Projects	Debt Service	Permanent Funds			Total Nonmajor Governmental Funds
				Cemetery Trust	Park Board Leu	Total	
<b>Revenues:</b>							
Property Tax	\$ 1,552,527	\$ -	\$ 195,267	\$ -	\$ -	\$ -	\$ 1,747,794
Intergovernmental	262,164	-	-	-	-	-	262,164
Licenses, Permits and Fees	16,880	-	-	-	-	-	16,880
Charges for Services	442,768	-	-	3,450	-	3,450	446,218
Fines and Forfeitures	4,242	-	-	-	-	-	4,242
Investment Income	5,838	-	1,020	3,762	-	3,762	10,620
Contributions	1,558	-	-	-	-	-	1,558
Miscellaneous	9,884	-	-	19,620	-	19,620	29,504
Total Revenues	<u>2,295,861</u>	<u>-</u>	<u>196,287</u>	<u>26,832</u>	<u>-</u>	<u>26,832</u>	<u>2,518,980</u>
<b>Expenditures:</b>							
Current:							
General Government	-	-	-	38,620	-	38,620	38,620
Public Safety	64,253	-	-	-	-	-	64,253
Streets and Highways	85,959	1,664	-	-	-	-	87,623
Development	79,760	-	-	-	-	-	79,760
Health & Welfare	665,327	-	-	-	-	-	665,327
Cultural and Recreational	603,942	-	-	-	-	-	603,942
Capital Outlay	689,767	12,410	-	-	-	-	702,177
Debt Service:							
Principal	50,103	-	301,929	-	-	-	352,032
Interest and Fiscal Charges	21,003	-	77,986	-	-	-	98,989
Total Expenditures	<u>2,260,114</u>	<u>14,074</u>	<u>379,915</u>	<u>38,620</u>	<u>-</u>	<u>38,620</u>	<u>2,692,723</u>
Excess (Deficiency) of Revenues Over Expenditures	35,747	(14,074)	(183,628)	(11,788)	-	(11,788)	(173,743)
<b>Other Financing Sources (Uses):</b>							
Proceeds From Debt	-	64,074	-	-	-	-	64,074
Transfers In	136,452	-	306,048	-	-	-	442,500
Transfers Out	(166,490)	-	-	(3,000)	-	(3,000)	(169,490)
Total Other Financing Sources (Uses)	<u>(30,038)</u>	<u>64,074</u>	<u>306,048</u>	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>	<u>337,084</u>
Net Change in Fund Balances	5,709	50,000	122,420	(14,788)	-	(14,788)	163,341
Fund Balances, Beginning of Year	(402,594)	(50,000)	141,882	323,079	2,500	325,579	14,867
Fund Balances, End of Year	<u>\$ (396,885)</u>	<u>\$ -</u>	<u>\$ 264,302</u>	<u>\$ 308,291</u>	<u>\$ 2,500</u>	<u>\$ 310,791</u>	<u>\$ 178,208</u>

**CITY OF MASCOUTAH, ILLINOIS**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
APRIL 30, 2017**

Assets											
	Fire	Playground & Recreation	Ambulance	Motor Fuel Tax	TIF #1	TIF #3	Business District	Public Library	Illinois Municipal Retirement	Special Service Area	Total
Cash and Cash Equivalents	\$ 80,680	\$ 98,474	\$ 4,348	\$ 256,471	\$ 1,797	\$ 28	\$ 112,024	\$ 291,759	\$ 84,633	\$ 22,871	\$ 953,085
Receivables (Net of Allowance for Doubtful Accounts):											
Property Tax	148,000	230,000	448,000	-	186,000	5,000	-	342,000	138,000	-	1,497,000
Intergovernmental Accounts	-	-	-	16,384	-	-	11,524	-	-	-	27,908
	-	32,624	53,409	-	-	-	-	-	-	-	86,033
Total Assets	\$ 228,680	\$ 361,098	\$ 505,757	\$ 272,855	\$ 187,797	\$ 5,028	\$ 123,548	\$ 633,759	\$ 222,633	\$ 22,871	\$ 2,564,026
Liabilities, Deferred Inflows of Resources, and Fund Balances											
Liabilities:											
Accrued Payroll and Benefits	\$ -	\$ 5,789	\$ 15,721	\$ -	\$ -	\$ -	\$ -	\$ 8,611	\$ -	\$ -	\$ 30,121
Accounts Payable	3,900	3,775	16,601	-	-	2,513	-	2,289	42,285	-	71,363
Due to Other Funds	65,000	-	238,500	-	406,300	30,594	596,460	-	-	22,871	1,359,725
Total Liabilities	68,900	9,564	270,822	-	406,300	33,107	596,460	10,900	42,285	22,871	1,461,209
Deferred Inflows of Resources:											
Unearned Revenue	148,000	230,000	448,000	-	186,000	5,000	2,702	342,000	138,000	-	1,499,702
Fund Balance (Deficit):											
Restricted	11,780	121,534	-	272,855	-	-	-	280,859	42,348	-	729,376
Unassigned	-	-	(213,065)	-	(404,503)	(33,079)	(475,614)	-	-	-	(1,126,261)
Total Fund Balance (Deficit)	11,780	121,534	(213,065)	272,855	(404,503)	(33,079)	(475,614)	280,859	42,348	-	(396,885)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 228,680	\$ 361,098	\$ 505,757	\$ 272,855	\$ 187,797	\$ 5,028	\$ 123,548	\$ 633,759	\$ 222,633	\$ 22,871	\$ 2,564,026

# **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, 2017**

	Fire	Playground & Recreation	Ambulance	Motor Fuel Tax	TIF #1	TIF #3	Business District	Public Library	Illinois Municipal Retirement	Special Service Area	Total
<b>Revenues:</b>											
Property Tax	\$ 151,256	\$ 230,815	\$ 494,454	\$ -	\$ 180,709	\$ -	\$ -	\$ 349,184	\$ 134,814	\$ 11,295	\$ 1,552,527
Intergovernmental	-	-	-	209,372	-	-	50,990	1,802	-	-	262,164
Licenses, Permits and Fees	6,525	5,266	-	-	-	-	-	5,089	-	-	16,880
Charges for Services	-	132,901	285,912	-	-	-	-	1,921	-	22,034	442,768
Fines and Forfeitures	-	-	-	-	-	-	-	4,242	-	-	4,242
Investment Income	510	1,120	1,328	1,957	15	-	-	501	407	-	5,838
Contributions	-	-	-	-	-	-	-	1,558	-	-	1,558
Miscellaneous	-	1,125	-	-	-	-	-	8,759	-	-	9,884
<b>Total Revenues</b>	<b>158,291</b>	<b>371,227</b>	<b>781,694</b>	<b>211,329</b>	<b>180,724</b>	<b>-</b>	<b>50,990</b>	<b>373,056</b>	<b>135,221</b>	<b>33,329</b>	<b>2,295,861</b>
<b>Expenditures:</b>											
<b>Current:</b>											
Public Safety	64,253	-	-	-	-	-	-	-	-	-	64,253
Streets and Highways	-	-	-	85,959	-	-	-	-	-	-	85,959
Development	-	-	-	-	46,681	33,079	-	-	-	-	79,760
Health & Welfare	-	-	665,327	-	-	-	-	-	-	-	665,327
Cultural and Recreational	-	271,260	-	-	-	-	-	332,682	-	-	603,942
Debt Service:											
Principal	-	-	36,092	-	-	-	-	-	-	14,011	50,103
Interest and Fiscal Charges	-	-	1,685	-	-	-	-	-	-	19,318	21,003
Capital Outlay	-	204,411	-	443,187	-	-	-	42,169	-	-	689,767
<b>Total Expenditures</b>	<b>64,253</b>	<b>475,671</b>	<b>703,104</b>	<b>529,146</b>	<b>46,681</b>	<b>33,079</b>	<b>-</b>	<b>374,851</b>	<b>-</b>	<b>33,329</b>	<b>2,260,114</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>94,038</b>	<b>(104,444)</b>	<b>78,590</b>	<b>(317,817)</b>	<b>134,043</b>	<b>(33,079)</b>	<b>50,990</b>	<b>(1,795)</b>	<b>135,221</b>	<b>-</b>	<b>35,747</b>
<b>Other Financing Sources (Uses):</b>											
Transfers In	-	30,889	105,563	-	-	-	-	-	-	-	136,452
Transfers Out	-	-	-	-	-	-	-	-	(166,490)	-	(166,490)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>30,889</b>	<b>105,563</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(166,490)</b>	<b>-</b>	<b>(30,038)</b>
<b>Net Change in Fund Balances</b>	<b>94,038</b>	<b>(73,555)</b>	<b>184,153</b>	<b>(317,817)</b>	<b>134,043</b>	<b>(33,079)</b>	<b>50,990</b>	<b>(1,795)</b>	<b>(31,269)</b>	<b>-</b>	<b>5,709</b>
<b>Fund Balance (Deficit), Beginning of Year</b>	<b>(82,258)</b>	<b>195,089</b>	<b>(397,218)</b>	<b>590,672</b>	<b>(538,546)</b>	<b>-</b>	<b>(526,604)</b>	<b>282,654</b>	<b>73,617</b>	<b>-</b>	<b>(402,594)</b>
<b>Fund Balance (Deficit), End of Year</b>	<b>\$ 11,780</b>	<b>\$ 121,534</b>	<b>\$ (213,065)</b>	<b>\$ 272,855</b>	<b>\$ (404,503)</b>	<b>\$ (33,079)</b>	<b>\$ (475,614)</b>	<b>\$ 280,859</b>	<b>\$ 42,348</b>	<b>\$ -</b>	<b>\$ (396,885)</b>

# **CITY OF MASCOUTAH, ILLINOIS**

## **SCHEDULE OF TAX RATES, EXTENSIONS AND COLLECTIONS APRIL 30, 2017**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Assessed Valuation	\$ 124,871,274	\$ 121,551,273	\$ 124,234,550	\$ 121,995,577	\$ 117,798,572	\$ 113,195,248	\$ 110,886,437	\$ 104,585,629	\$ 102,002,466	\$ 92,047,875
<b>Tax Rates:</b>										
General	\$ 0.2891	\$ 0.3047	\$ 0.3904	\$ 0.3796	\$ 0.3781	\$ 0.3870	\$ 0.3515	\$ 0.3252	\$ 0.2932	\$ 0.2707
Playground	0.1841	0.1909	0.1771	0.1722	0.1703	0.1679	0.1638	0.1688	0.1648	0.0826
Fire Protection	0.1189	0.1251	0.1127	0.1126	0.1105	0.1105	0.1030	0.1044	0.0882	0.0930
Ambulance	0.3584	0.3075	0.2641	0.2423	0.2107	0.1860	0.1604	0.1652	0.1411	0.1367
Police Pension	0.2144	0.2189	0.2119	0.2204	0.2375	0.1775	0.1794	0.1768	0.1492	0.1076
IMRF	0.1106	0.1115	0.1019	0.1046	0.1105	0.1563	0.1817	0.1928	0.1803	0.1665
Bond and Interest	0.1446	0.1615	0.1620	0.1647	0.1770	0.2371	0.2360	0.2537	0.2397	0.2270
Library	-	0.2888	0.2881	0.2810	0.2740	0.2788	0.2700	0.2754	0.2517	0.2533
	\$ 1.4201	\$ 1.7089	\$ 1.7082	\$ 1.6774	\$ 1.6686	\$ 1.7011	\$ 1.6458	\$ 1.6623	\$ 1.5082	\$ 1.3374

### **Tax Extensions:**

General	\$ 361,003	\$ 370,367	\$ 485,012	\$ 463,095	\$ 445,396	\$ 438,066	\$ 389,766	\$ 340,113	\$ 299,071	\$ 249,174
Playground	229,888	232,041	220,019	210,076	200,611	190,055	181,632	176,541	168,100	76,032
Fire Protection	148,472	152,061	140,012	137,367	130,167	125,081	114,213	109,187	89,966	85,604
Ambulance	447,538	373,770	328,103	295,595	248,202	210,543	177,862	172,775	143,925	125,829
Police Pension	267,724	266,076	263,253	268,878	279,772	200,922	198,930	184,907	152,188	99,043
IMRF	138,108	135,530	126,595	127,607	130,167	176,924	201,481	201,641	183,910	153,260
Bond and Interest	180,564	196,305	201,260	200,927	208,503	268,386	261,692	265,334	244,500	208,949
Library	342,272	351,040	357,920	342,808	322,768	315,588	299,393	288,029	256,740	233,157
Total	\$ 2,115,569	\$ 2,077,190	\$ 2,122,174	\$ 2,046,353	\$ 1,965,586	\$ 1,925,565	\$ 1,824,969	\$ 1,738,527	\$ 1,538,400	\$ 1,231,048
Tax Collections	\$ -	\$ 2,065,972	2,111,440	\$ 2,036,778	\$ 1,955,940	\$ 1,920,332	\$ 1,814,823	\$ 1,724,723	\$ 1,524,461	\$ 1,236,866
Percentage Collected	0.00%	99.46%	99.49%	99.53%	99.51%	99.73%	99.44%	99.21%	99.09%	100.47%

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

To the Mayor and City Council  
City of Mascoutah, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of the of the City of Mascoutah, Illinois as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Other Matters***

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

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

*C. J. Schlemmer & Company LLC*  
Certified Public Accountants

August 14, 2017