

CITY OF MASCOUTAH, ILLINOIS

**FINANCIAL STATEMENTS AND
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
APRIL 30, 2015**

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CITY OF MASCOUTAH, ILLINOIS

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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, 2015, 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, 2015, 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 45 to 47) and schedules of funding progress and pension contributions (pages 49 to 51) 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. Schlem & Goyz LLC

Certified Public Accountants
Alton, Illinois

July 28, 2015

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, 2015. 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 15 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 three major funds: the General Fund, Capital Projects 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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, the net position balance was \$41,856,087 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, 2015	April 30, 2014	April 30, 2015	April 30, 2014	April 30, 2015	April 30, 2014
Current and other assets	\$ 3,212,800	\$ 3,291,226	\$ 12,336,739	\$ 12,292,337	\$ 15,549,539	\$ 15,583,563
Capital assets	16,719,550	14,710,439	23,518,609	23,620,759	40,238,159	38,331,198
Total assets	19,932,350	18,001,665	35,855,348	35,913,096	55,787,698	53,914,761
Deferred outflows	2,173	5,428	-	-	2,173	5,428
Long-term liabilities						
outstanding	4,911,877	3,522,494	6,564,001	6,967,314	11,475,878	10,489,808
Other liabilities	1,741,857	3,075,382	716,049	910,367	2,457,906	3,985,749
Total liabilities	6,653,734	6,597,876	7,280,050	7,877,681	13,933,784	14,475,557
Net position:						
Invested in capital assets, net of related debt	12,333,190	11,650,336	17,030,703	16,715,264	29,363,893	28,365,600
Restricted	1,601,367	1,191,452	-	-	1,601,367	1,191,452
Unrestricted	(653,768)	(1,432,571)	11,544,595	11,320,151	10,890,827	9,887,580
Total net position	\$ 13,280,789	\$ 11,409,217	\$ 28,575,298	\$ 28,035,415	\$ 41,856,087	\$ 39,444,632

Total net position increased \$2,411,455 resulting in a balance of \$41,856,087 as of April 30, 2015. Current assets, which include cash, investments, accounts receivable and unbilled revenues, decreased by \$34,024. Non-current assets increased \$1,906,961 due primarily to increases in capital assets in both the governmental and business-type activity funds.

Long term liabilities increased in the current year by \$986,070 due to a new loan for road improvements. The total debt balance at April 30, 2015 is \$11,475,878.

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

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	<u>2015</u>		<u>2014</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net invested in capital assets	70.2%	\$ 29,363,893	71.9%	\$ 28,365,600
Restricted	3.8%	1,601,367	3.0%	1,191,452
Unrestricted	26.0%	10,890,827	25.1%	9,887,580
Total net position	<u>100.0%</u>	<u>\$ 41,856,087</u>	<u>100.0%</u>	<u>\$ 39,444,632</u>

Total net position balances increased by \$2,411,455 in fiscal year 2015 to a total ending balance of \$41,856,087. Capital net asset balances increased in the current year due to capital asset purchases. Unrestricted net asset balances increased due to overall income in the proprietary funds and the income before capital outlay expenditures in the governmental funds. The revenue and expenditure comparisons that comprise the current year increases follow.

REVENUE COMPARISON BY TYPE

<u>Revenues by type</u>	<u>2015</u>	<u>2014</u>
Property tax	\$ 2,827,711	\$ 2,725,912
Water, sewer and electric charges	10,705,342	10,559,622
Other charges for services	821,633	806,409
Sales and use tax	818,557	721,279
State income tax	753,880	714,615
Motor fuel tax	193,224	223,839
Telecommunications tax	177,771	220,885
Corporate personal property tax	24,929	23,818
Utility tax	363,511	369,238
Other taxes	72,822	38,322
Franchise fees	132,344	127,097
Hotel tax	51,496	32,035
Investment earnings	44,604	45,841
Contributions/grants	139,210	530,512
Other miscellaneous	21,349	10,164
Total revenues	<u>\$ 17,148,383</u>	<u>\$ 17,149,588</u>

Total revenues decreased \$1,205 in the year ended April 30, 2015. Water, sewer and electric revenues increased \$145,720 largely due to service charges and connection fees. Property tax revenues increased \$101,799 over the prior year and sales and use taxes increased by \$97,278 in the current year. Contributions and grants decreased primarily due to the finalizing of the fiber optic grant in the prior year.

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

EXPENDITURES BY CATEGORY

GOVERNMENTAL ACTIVITIES

<u>Expenditures by category</u>	<u>2015</u>		<u>2014</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	2.1%	\$ 97,800	2.7%	\$ 114,353
Public safety	40.0%	1,820,733	38.0%	1,634,055
Streets and highways	17.8%	813,009	20.6%	886,203
Health and Welfare	14.6%	665,585	13.7%	590,336
Development	5.2%	235,047	5.2%	221,592
Cultural and recreational	17.6%	802,337	16.9%	728,737
Interest on long-term debt	2.7%	121,204	2.9%	124,850
Total expenditures	<u>100.0%</u>	<u>\$ 4,555,715</u>	<u>100.0%</u>	<u>\$ 4,300,126</u>

The City reported a decrease in the governmental activities expenditures of \$16,553 largely due to the continued increase in the distribution of overhead costs. In both years, the largest category of expense is public safety which consists of the City police department. General government expenditures are those related to the general operations and administration of the City.

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

	<u>2015</u>	<u>2014</u>
General government	\$ 105,049	\$ 39,984
Public safety	126,396	103,750
Streets and highways	329,911	260,158
Health and welfare	34,926	28,782
Cultural and recreational	131,627	123,134
Total depreciation	<u>\$ 727,909</u>	<u>\$ 555,808</u>

Total capital outlay expenditures for the governmental activities in the current year totaled \$2,737,020 which included increases related to infrastructure improvements in addition to the purchase of various equipment. These capital additions were offset in the government-wide financial statements by the depreciation expense related to additions in the current and prior years.

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

BUSINESS-TYPE ACTIVITIES

<u>Operating Expenditures</u>	<u>2015</u>		<u>2014</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	18.1%	\$ 1,810,011	17.0%	\$ 1,692,899
Contractual services	56.0%	5,605,173	57.9%	5,784,165
Supplies and materials	1.4%	142,203	1.5%	150,603
Administrative overhead	14.1%	1,407,700	13.3%	1,327,455
Depreciation	10.4%	1,043,544	10.3%	1,031,401
Total expenditures	<u>100.0%</u>	<u>\$ 10,008,631</u>	<u>100.0%</u>	<u>\$ 9,986,523</u>

Expenses in the business type activities increased by \$22,108 over the prior year. As in the prior year, the largest categories of operating expense were for contractual services that include power and water purchases. The largest increase between years was due to an increase in overhead allocations, and salaries and related benefits.

FUNDS FINANCIAL ANALYSIS

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

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

At the end of 2015, the City's governmental funds reported combined ending fund balances of \$1,473,945. The governmental fund balance includes \$1,601,367 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 \$1,409,766. The fund balance of the General Fund increased by \$974,655 during the current fiscal year. Total expenditures in the General fund were \$2,453,560.

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

Unrestricted net position of the water and sewer, and electric light funds at the end of the year amounted to \$11,544,595. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's government-wide financial statements.

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

BUDGETARY HIGHLIGHTS

The City's General fund had budgetary expenditures, including transfers, of \$2,573,159. The budgeted amount for the General Fund was \$2,644,078. 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, 2015, amounts to \$40,238,159, 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 \$1,906,961. This increase is due to governmental infrastructure improvements of \$2,423,806 as well as infrastructure additions of \$865,521 in the business-type activities. Total additions were \$2,740,560 in the governmental fund activities and \$941,394 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, 2015</u>	<u>April 30, 2014</u>	<u>April 30, 2015</u>	<u>April 30, 2014</u>	<u>April 30, 2015</u>	<u>April 30, 2014</u>
Land	\$ 863,657	\$ 863,657	\$ 182,313	\$ 182,313	\$ 1,045,970	\$ 1,045,970
Land Improvements	860,089	885,911	-	-	860,089	885,911
Buildings and Improvements	3,077,517	3,220,739	2,618,411	2,725,841	5,695,928	5,946,580
Equipment	345,251	229,812	298,411	317,538	643,662	547,350
Vehicles	674,614	759,712	339,694	454,948	1,014,308	1,214,660
Infrastructure	10,898,422	8,750,608	20,079,780	19,940,119	30,978,202	28,690,727
	<u>\$ 16,719,550</u>	<u>\$ 14,710,439</u>	<u>\$ 23,518,609</u>	<u>\$ 23,620,759</u>	<u>\$ 40,238,159</u>	<u>\$ 38,331,198</u>

Long-term Debt

At the end of 2015, the City had total debt obligations of \$11,475,878 compared to \$10,489,808 at the end of 2014. The major current year addition was related to providing funding for the Fuesser Road project. 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, 2015</u>	<u>April 30, 2014</u>	<u>April 30, 2015</u>	<u>April 30, 2014</u>	<u>April 30, 2015</u>	<u>April 30, 2014</u>
Notes Payable	\$ 2,590,073	\$ 1,246,652	\$ 2,982,906	\$ 3,205,495	\$ 5,572,979	\$ 4,452,147
Bonds Payable	1,745,000	1,865,000	3,505,000	3,700,000	5,250,000	5,565,000
Compensated Absences	333,399	223,192	76,095	61,819	409,494	285,011
Pension Obligation	243,405	187,650	-	-	243,405	187,650
Total Debt	<u>\$ 4,911,877</u>	<u>\$ 3,522,494</u>	<u>\$ 6,564,001</u>	<u>\$ 6,967,314</u>	<u>\$ 11,475,878</u>	<u>\$ 10,489,808</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, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 2,086,511	\$ 9,392,350	\$ 11,478,861
Investments	69,510	-	69,510
Receivables (Net of allowance for uncollectible):			
Intergovernmental	544,556	-	544,556
Accounts	44,067	1,238,940	1,283,007
Interest/Other	147,082	77,189	224,271
Internal Balances	(1,446,707)	1,446,707	-
Restricted Assets - Cash and Investments	321,074	181,553	502,627
Capital Assets:			
Land	863,657	182,313	1,045,970
Land Improvements	1,327,706	-	1,327,706
Buildings and Improvements	5,559,230	8,982,749	14,541,979
Equipment	1,652,399	751,595	2,403,994
Vehicles	2,507,144	1,244,969	3,752,113
Infrastructure	13,815,421	28,696,878	42,512,299
Accumulated Depreciation	(9,006,007)	(16,339,895)	(25,345,902)
Net Capital Assets	<u>16,719,550</u>	<u>23,518,609</u>	<u>40,238,159</u>
Total Assets	<u>18,485,643</u>	<u>35,855,348</u>	<u>54,340,991</u>
<u>Deferred Outflows of Resources</u>			
Loss on Bond Refunding	<u>2,173</u>	<u>-</u>	<u>2,173</u>
<u>Liabilities</u>			
Accounts Payable	112,575	379,954	492,529
Accrued Payroll and Benefits	137,568	56,993	194,561
Accrued Interest Payable	7,644	535	8,179
Deferred Revenue	37,363	97,014	134,377
Liabilities Payable from Restricted Assets:			
Customer Deposits	-	181,553	181,553
Noncurrent Liabilities:			
Due Within One Year	798,625	413,559	1,212,184
Due in More Than One Year	<u>4,113,252</u>	<u>6,150,442</u>	<u>10,263,694</u>
Total Liabilities	<u>5,207,027</u>	<u>7,280,050</u>	<u>12,487,077</u>
<u>Net Position</u>			
Invested in Capital Assets,			
Net of Related Debt	12,333,190	17,030,703	29,363,893
Restricted for:			
Debt Service	139,967	-	139,967
Other Purposes	1,461,400	-	1,461,400
Unrestricted	<u>(653,768)</u>	<u>11,544,595</u>	<u>10,890,827</u>
Total Net Position	<u>\$ 13,280,789</u>	<u>\$ 28,575,298</u>	<u>\$ 41,856,087</u>

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

CITY OF MASCOUFAH, ILLINOIS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2015**

	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
Functions/Programs						
Governmental Activities:						
General Government	\$ 97,800	\$ 370,842	\$ 250	\$ -	\$ 273,292	\$ 273,292
Public Safety	1,820,733	30,965	19,317	20,343	(1,750,108)	(1,750,108)
Streets and Highways	813,009	668	58,548	-	(753,793)	(753,793)
Health and Welfare	665,585	264,099	-	-	(401,486)	(401,486)
Development	235,047	-	-	-	(235,047)	(235,047)
Cultural and Recreational	802,337	155,059	13,276	-	(634,002)	(634,002)
Interest on Long-term Debt	121,204	-	-	-	(121,204)	(121,204)
Total Governmental Activities (see Note 1)	4,555,715	821,633	91,391	20,343	(3,622,348)	(3,622,348)
Business-type Activities:						
Waterworks and Sewerage	3,156,973	3,137,350	-	-	\$ (19,623)	(19,623)
Electric Light	7,024,240	7,567,992	-	27,476	571,228	571,228
Total Business-type Activities	10,181,213	10,705,342	-	27,476	551,605	551,605
Total Government	\$ 14,736,928	\$ 11,526,975	\$ 91,391	\$ 47,819	(3,622,348)	(3,070,743)
General Revenues:						
Property Tax, Levied for General Purposes					2,827,711	2,827,711
Sales and Use Tax					818,557	818,557
Income Tax					753,880	753,880
Corporate Personal Property Tax					24,929	24,929
Motor Fuel Tax					193,224	193,224
Telecommunications Tax					177,771	177,771
Hotel Tax					51,496	51,496
Other					72,822	72,822
Utility Tax					363,511	363,511
Franchise Fees					132,344	132,344
Investment Earnings					10,620	10,620
Miscellaneous					21,349	21,349
Transfers					45,706	45,706
Total General Revenues and Transfers					5,493,920	5,493,920
Change in Net Position					1,871,572	1,871,572
Net Position - Beginning					11,409,217	11,409,217
Net Position - Ending					\$ 13,280,789	\$ 13,280,789

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

CITY OF MASCOUTAH, ILLINOIS

BALANCE SHEET GOVERNMENTAL FUNDS APRIL 30, 2015

	<u>General Fund</u>	<u>TIF 2B Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 385,949	\$ 478,199	\$ -	\$ 1,222,363	\$ 2,086,511
Investments	69,510	-	-	-	69,510
Receivables (Net, where applicable, of allowances for uncollectible):					
Property Tax	551,000	793,000	-	1,543,000	2,887,000
Intergovernmental	499,659	-	-	44,897	544,556
Other	80,897	-	-	110,252	191,149
Due From Other Funds	596,460	-	-	2,850	599,310
Restricted Cash and Investments	-	-	-	321,074	321,074
Total Assets	<u>\$ 2,183,475</u>	<u>\$ 1,271,199</u>	<u>\$ -</u>	<u>\$ 3,244,436</u>	<u>\$ 6,699,110</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accrued Payroll and Benefits	\$ 39,979	\$ -	\$ -	\$ 18,587	\$ 58,566
Accounts Payable	75,820	-	15,077	21,678	112,575
Due to Other Funds	2,850	-	-	2,043,167	2,046,017
Deferred Revenue	655,060	793,000	-	1,559,947	3,008,007
Total Liabilities	<u>773,709</u>	<u>793,000</u>	<u>15,077</u>	<u>3,643,379</u>	<u>5,225,165</u>
Fund Balances:					
Nonspendable	-	-	-	323,924	323,924
Restricted For:					
Debt Service	-	-	-	139,967	139,967
Revenue Restrictions	-	478,199	-	983,201	1,461,400
Unassigned	1,409,766	-	(15,077)	(1,846,035)	(451,346)
Total Fund Balances	<u>1,409,766</u>	<u>478,199</u>	<u>(15,077)</u>	<u>(398,943)</u>	<u>1,473,945</u>
Total Liabilities and Fund Balances	<u>\$ 2,183,475</u>	<u>\$ 1,271,199</u>	<u>\$ -</u>	<u>\$ 3,244,436</u>	<u>\$ 6,699,110</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, 2015

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 1,473,945
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	16,719,550
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.	83,644
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(7,644)
Accrued compensated absences are not reported as a liability on the balance sheet of the governmental funds.	(412,401)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(4,819,710)
Net pension obligations are not reported as a liability on the balance sheet of the governmental funds.	<u>243,405</u>
Net position of governmental activities	<u>\$ 13,280,789</u>

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

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2015

	General Fund	TIF 2B Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Tax	\$ 526,097	\$ 720,104	\$ -	\$ 1,581,510	\$ 2,827,711
Utility Tax	363,511	-	-	-	363,511
Hotel Tax	51,496	-	-	-	51,496
Intergovernmental	1,803,458	-	-	337,710	2,141,168
Licenses, Permits and Fees	109,259	-	-	21,608	130,867
Charges for Services	392,110	-	-	401,544	793,654
Fines and Forfeitures	24,065	-	-	5,391	29,456
Investment Earnings	2,229	1,734	-	6,657	10,620
Contributions	250	-	-	3,922	4,172
Miscellaneous	2,713	-	-	18,636	21,349
Total Revenues	<u>3,275,188</u>	<u>721,838</u>	<u>-</u>	<u>2,376,978</u>	<u>6,374,004</u>
Expenditures:					
Current:					
General Government	(52,734)	-	-	-	(52,734)
Public Safety	1,520,735	-	-	98,625	1,619,360
Streets and Highways	447,409	-	8,549	17,095	473,053
Health and Welfare	-	-	-	594,668	594,668
Development	21,445	178,173	-	35,429	235,047
Cultural and Recreational	-	-	-	669,930	669,930
Capital Outlay	496,048	41,338	1,579,370	620,264	2,737,020
Debt Service:					
Principal	20,214	-	-	433,226	453,440
Interest and Charges	443	-	-	118,034	118,477
Total Expenditures	<u>2,453,560</u>	<u>219,511</u>	<u>1,587,919</u>	<u>2,587,271</u>	<u>6,848,261</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>821,628</u>	<u>502,327</u>	<u>(1,587,919)</u>	<u>(210,293)</u>	<u>(474,257)</u>
Other Financing Sources (Uses):					
Proceeds from Debt	46,351	-	1,572,842	57,668	1,676,861
Operating Transfers In	140,328	-	-	261,611	401,939
Operating Transfers Out	(33,652)	(66,178)	-	(256,403)	(356,233)
Total Other Financing Sources (Uses)	<u>153,027</u>	<u>(66,178)</u>	<u>1,572,842</u>	<u>62,876</u>	<u>1,722,567</u>
Net Change in Fund Balances	974,655	436,149	(15,077)	(147,417)	1,248,310
Fund Balance (Deficit), Beginning of Year	<u>435,111</u>	<u>42,050</u>	<u>-</u>	<u>(251,526)</u>	<u>225,635</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,409,766</u>	<u>\$ 478,199</u>	<u>\$ (15,077)</u>	<u>\$ (398,943)</u>	<u>\$ 1,473,945</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, 2015

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

Net change in fund balances - total governmental funds	\$ 1,248,310
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and losses on disposals in the current year.	2,009,111
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.	(111,523)
Net pension obligations are reported in the government-wide statement of activities and changes in net position, but do not require the use of current financial resources; therefore, net pension obligations are not reported as expenditures in governmental funds. This is the change in the net pension obligation between years.	(55,755)
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.	(1,226,676)
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.	7,577
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.	528
Change in net position of governmental activities	<u><u>\$ 1,871,572</u></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, 2015

	Waterworks and Sewerage	Electric Light	Total		Waterworks and Sewerage	Electric Light	Total
Assets:				Liabilities:			
Current Assets:				Current Liabilities:			
Cash	\$ 3,172,049	\$ 6,220,301	\$ 9,392,350	Accrued Payroll and Benefits	\$ 27,748	\$ 29,245	\$ 56,993
Receivables (Net, where applicable, of allowances for uncollectible):				Accounts Payable	53,832	326,122	379,954
Accounts	148,251	428,809	577,060	Accrued Interest	535	-	535
Unbilled Revenue	230,530	431,350	661,880	Deferred Connection Fees	-	97,014	97,014
Other	11,251	65,938	77,189	Notes/Leases Payable	208,559	-	208,559
Due from Other Funds	254,907	1,191,800	1,446,707	Bonds Payable	-	205,000	205,000
Total Current Assets	3,816,988	8,338,198	12,155,186	Total Current Liabilities	290,674	657,381	948,055
Noncurrent Assets:				Liabilities Payable from Restricted Assets:			
Restricted Assets:				Customer Deposits	41,127	140,426	181,553
Cash and Cash Equivalents:				Noncurrent Liabilities:			
Customer Deposits	41,127	140,426	181,553	Accrued Sick Leave	27,452	48,643	76,095
Capital Assets:				Notes/Leases Payable	2,774,347	-	2,774,347
Land	20,341	161,972	182,313	Bonds Payable	-	3,300,000	3,300,000
Buildings and Improvements	4,997,488	3,985,261	8,982,749	Total Noncurrent Liabilities	2,801,799	3,348,643	6,150,442
Equipment	324,757	426,838	751,595	Total Liabilities	3,133,600	4,146,450	7,280,050
Vehicles	276,066	968,903	1,244,969				
Distribution System	15,451,976	13,244,902	28,696,878				
Total	21,070,628	18,787,876	39,858,504				
Less - Accumulated Depreciation	(7,888,025)	(8,451,870)	(16,339,895)				
Net Capital Assets	13,182,603	10,336,006	23,518,609				
Total Noncurrent Assets	13,223,730	10,476,432	23,700,162	Net Position:			
Total Assets	\$ 17,040,718	\$ 18,814,630	\$ 35,855,348	Invested in Capital Assets,			
				Net of Related Debt	10,199,697	6,831,006	17,030,703
				Unrestricted	3,707,421	7,837,174	11,544,595
				Total Net Position	\$ 13,907,118	\$ 14,668,180	\$ 28,575,298

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, 2015

	Business-Type Activities--Enterprise Funds		
	Waterworks and Sewerage	Electric Light	Total
Operating Revenues:			
Charges for Services	\$ 3,137,350	\$ 7,567,992	\$ 10,705,342
Operating Expenses:			
Personal Services	823,936	986,075	1,810,011
Supplies	65,654	76,549	142,203
Contractual Services	1,021,785	4,583,388	5,605,173
Administrative Overhead	708,030	699,670	1,407,700
Depreciation	526,257	517,287	1,043,544
Total Operating Expenses	3,145,662	6,862,969	10,008,631
Operating Income	(8,312)	705,023	696,711
Nonoperating Revenues (Expenses):			
Investment Earnings	11,664	22,320	33,984
Interest and Fiscal Charges	(11,311)	(161,271)	(172,582)
Total Nonoperating Revenues (Expenses)	353	(138,951)	(138,598)
Income Before Contributions and Transfers	(7,959)	566,072	558,113
Capital Contributions	-	27,476	27,476
Transfers In (Out)	33,006	(78,712)	(45,706)
Change in Net Position	25,047	514,836	539,883
Net Position - Beginning of Year	13,882,071	14,153,344	28,035,415
Net Position - End of Year	\$ 13,907,118	\$ 14,668,180	\$ 28,575,298

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, 2015

	Business-Type Activities--Enterprise Funds		
	Waterworks and Sewerage	Electric Light	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 3,147,611	\$ 7,487,382	\$ 10,634,993
Payments to Suppliers	(2,072,261)	(5,708,907)	(7,781,168)
Payments to Employees	(566,246)	(681,179)	(1,247,425)
Net Cash Provided by Operating Activities	<u>509,104</u>	<u>1,097,296</u>	<u>1,606,400</u>
Cash Flows from Noncapital Financing Activities:			
Payments from (to) Other Funds	<u>89,664</u>	<u>586,288</u>	<u>675,952</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>89,664</u>	<u>586,288</u>	<u>675,952</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Long-Term Debt	(222,589)	(195,000)	(417,589)
Interest Paid on Debt	(11,514)	(161,271)	(172,785)
Customer Deposits	10,218	(5,146)	5,072
Capital Contributions	-	27,476	27,476
Cash Payments for Capital Assets	(409,850)	(531,544)	(941,394)
Net Cash Used by Capital Related Financing Activities	<u>(633,735)</u>	<u>(865,485)</u>	<u>(1,499,220)</u>
Cash Flows from Investing Activities:			
Interest Received	<u>11,664</u>	<u>22,320</u>	<u>33,984</u>
Net Cash Provided by Investing Activities	<u>11,664</u>	<u>22,320</u>	<u>33,984</u>
Net Change in Cash and Cash Equivalents	(23,303)	840,419	817,116
Cash and Cash Equivalents, Beginning of Year	<u>3,236,479</u>	<u>5,520,308</u>	<u>8,756,787</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,213,176</u>	<u>\$ 6,360,727</u>	<u>\$ 9,573,903</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ (8,312)	\$ 705,023	\$ 696,711
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	526,257	517,287	1,043,544
(Increase) Decrease in Assets:			
Accounts Receivables	18,141	51,315	69,456
Unbilled Revenue	(7,880)	(10,520)	(18,400)
Increase (Decrease) in Liabilities:			
Accrued Payroll and Benefits	11,103	8,613	19,716
Accounts Payable	(30,205)	(53,017)	(83,222)
Deferred Fees	-	(121,405)	(121,405)
Net Cash Provided by Operating Activities	<u>\$ 509,104</u>	<u>\$ 1,097,296</u>	<u>\$ 1,606,400</u>
Reconciliation of Total Cash and Cash Equivalents			
Current Assets	\$ 3,172,049	\$ 6,220,301	\$ 9,392,350
Restricted Assets	<u>41,127</u>	<u>140,426</u>	<u>181,553</u>
Total Cash and Cash Investments	<u>\$ 3,213,176</u>	<u>\$ 6,360,727</u>	<u>\$ 9,573,903</u>

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

CITY OF MASCOU AH, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - POLICE PENSION TRUST FUND
APRIL 30, 2015

Assets

Cash and Cash Equivalents	\$ 649,877
Investments	3,599,926
Receivables (Net of Allowance for Doubtful Accounts):	
Property Tax	263,000
Interest	<u>9,383</u>
Total Assets	<u>4,522,186</u>

Liabilities

None	<u>-</u>
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Net Position

Held in Trust For Pension Benefits and Other Purposes	<u>\$ 4,522,186</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, 2015

Additions:

Employer Contributions	\$ 261,621
Employee Contributions	76,899

Investment Earnings:

Interest and Dividends	198,114
Gain (Loss) on Sale of Investments	(43,768)
Net Appreciation in Fair Value of Investments	65,933
Total Investment Earnings	<u>220,279</u>
Less: Investment Expense	<u>14,102</u>
Net Investment Earnings	<u>206,177</u>
Total Additions	<u>544,697</u>

Deductions:

Benefit Payments	109,971
Administrative Expenses	<u>8,844</u>
Total Deductions	<u>118,815</u>

Change in Net Position	425,882
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Net Position - Beginning of Year	<u>4,096,304</u>
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Net Position - End of Year	<u><u>\$ 4,522,186</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, 2015

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, 2015.

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 Capital Projects Fund records the loan and capital expenditures related to current capital projects.

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund type:

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Assets, liabilities and net assets or equity

Deposits and investments

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

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

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

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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

The City levied its property taxes on December 15, 2014 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 2014 become an enforceable lien in January 2015. Because this tax levy will be used to pay for expenses budgeted in fiscal year 2016, this tax levy is shown as a receivable and as deferred revenue as of April 30, 2015 in the governmental funds statements and eliminated in the statement of activities. Tax revenues reflected in these financial statements are taxes collected on the 2013 levy.

Restricted assets

Governmental Activities

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

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

Business-Type Activities

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

Capital assets

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

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

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

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

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

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

Compensated absences

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

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

Long-term obligations

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

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

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

Estimates

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

Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. The City has entered into an agreement with IMLRMA, an intergovernmental association formed pursuant to Article VII, Section 10 of the Illinois Constitution of 1970, to provide the City insurance coverage. There has been no significant reduction in coverage from the prior year.

Fund equity

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

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

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

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

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

Unassigned - the residual classification of the General Fund balance.

CITY OF MASCOUATAH, 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	321,424
Park Board Leu	2,500
	<u>\$ 323,924</u>

Restricted:

Debt Service	\$ 139,967
TIF #2B	478,199
Public Library	256,788
Motor Fuel Tax	521,083
Playground & Recreation Fund	91,279
Retirement Fund	114,051
	<u>\$ 1,601,367</u>

Fiduciary Funds

Reserved for Employees' Pension Benefits	<u>\$ 4,522,186</u>
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Budget Policy and Practices

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

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

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Governmental & Business-Type Activities

At April 30, 2015, the carrying amount of the City's deposits was \$12,050,398 and the bank balance was \$12,429,621. 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, 2015, the City's deposits of \$46,347 were not covered by FDIC insurance or collateralized by the financial institutions.

At April 30, 2015, 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	<u>12,050,398</u>
Total deposits and investments		<u>\$ 12,050,998</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 11,478,861
Investments		69,510
Cash and Cash Equivalents - Restricted		<u>502,627</u>
		<u>\$ 12,050,998</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, 2015, the City did not have a credit risk.

Concentration of Credit Risk. As of April 30, 2015, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2015, the City did not have a foreign currency risk.

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

Police Pension Fund

At April 30, 2015, the carrying amount and the bank balance of the Police Pension Fund's deposits was \$649,877. 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, 2015, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Mutual Funds	--	\$ 1,868,802
US Treasury Notes	4.00	1,498,694
Corporate Bonds	2.98	232,430
Deposits as reported above		649,877
Total deposits and investments		<u>\$ 4,249,803</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, 2015, the Police Pension Fund had investments in corporate bonds with Standards & Poor's ratings of A+ to A-.

Concentration of Credit Risk. As of April 30, 2015, the Police Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2015, 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, 2015:

	General <u>Fund</u>	Enterprise <u>Funds</u>	Nonmajor <u>Funds</u>	<u>Total</u>
Receivables:				
Licenses/Fees/Other	\$ 80,897	\$ 77,189	\$ 66,185	\$ 224,271
Accounts	-	1,355,194	185,008	1,540,202
Intergovernmental	<u>499,659</u>	<u>-</u>	<u>44,897</u>	<u>544,556</u>
Gross Receivables	580,556	1,432,383	296,090	2,309,029
Less: Allowance for uncollectible	<u>-</u>	<u>116,254</u>	<u>140,941</u>	<u>257,195</u>
Net Total Receivables	<u>\$580,556</u>	<u>\$1,316,129</u>	<u>\$ 155,149</u>	<u>\$2,051,834</u>

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

NOTE 4: LONG-TERM DEBT

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

General Obligation Bonds

General Obligation Bonds, Series 2005 due in a final installment of \$120,000 on January 1, 2016; interest at 4.10%. The bonds and related interest are being retired by the Debt Service Fund and the General Fund. The amount of bonds outstanding as of April 30, 2015 is \$120,000.

General Obligation Bonds, Series 2008 due in annual installments of \$205,000 to \$520,000 through November 1, 2027; interest at 3.85% 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, 2015 is \$5,130,000.

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

The annual requirements to retire general obligation bonds as of April 30, 2015 are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 120,000	\$ 41,854	\$ 205,000	\$ 78,832
2017	85,000	73,868	215,000	149,771
2018	110,000	70,467	220,000	141,171
2019	115,000	64,692	235,000	129,621
2020	120,000	58,655	245,000	117,284
2021-2025	695,000	210,184	1,395,000	418,981
2026-2028	500,000	46,823	990,000	92,725
	<u>\$ 1,745,000</u>	<u>\$ 566,543</u>	<u>\$ 3,505,000</u>	<u>\$ 1,128,385</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, 2015 is \$111,039.

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, 2015 is \$1,884,242.

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, 2015 is \$419,785.

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, 2015 is \$567,840.

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, 2015 is \$350,275.

On August 15, 2011, the City entered into a loan agreement with Farmers & Merchants National Bank for \$120,800 to purchase an ambulance. The loan is due on demand, but if no demand is made, the loan is to be repaid in 5 annual installments of \$22,049, including interest at 3.75 percent. The loan and related interest are being retired by the Ambulance Fund. The outstanding balance as of April 30, 2015 is \$41,751.

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, 2015 is \$537,055.

On May 20, 2014, the City entered into a loan agreement with Kansas State Bank of Manhattan for \$57,668 to purchase two monitors/defibrillators. The loan is due in 4 annual installments of \$15,869, including interest at 3.07 percent. The loan and related interest are being retired by the General Fund. The outstanding balance as of April 30, 2015 is \$41,799.

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, 2015 is \$1,572,842.

On August 25, 2014, the City entered into a loan agreement with First Federal Savings Bank of Mascoutah for \$46,351 to purchase two police vehicles. The loan is due in 2 annual installments of \$23,725, 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, 2015 is \$46,351.

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
2016	\$ 679,625	\$ 108,031	\$ 208,559	\$ 6,446
2017	137,493	61,850	225,664	8,438
2018	118,155	57,623	204,180	6,743
2019	106,374	53,535	181,728	6,014
2020	1,236,364	50,361	182,132	5,610
2021-2025	49,904	80,710	916,891	21,820
2026-2031	65,285	65,328	927,763	10,946
2032-2035	85,334	45,280	135,989	1,359
2036-2040	111,539	19,075	-	-
	<u>\$ 2,590,073</u>	<u>\$ 541,793</u>	<u>\$ 2,982,906</u>	<u>\$ 67,376</u>

The following is a summary of changes in long-term liabilities for the year ended April 30, 2015:

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 1,865,000	\$ -	\$ 120,000	\$ 1,745,000	\$ 120,000
Notes payable	1,246,652	1,676,861	333,440	2,590,073	678,625
Compensated absences	223,192	110,207	-	333,399	-
Pension obligations	187,650	55,755	-	243,405	-
Governmental activities long-term liabilities	<u>\$ 3,522,494</u>	<u>\$ 1,842,823</u>	<u>\$ 453,440</u>	<u>\$ 4,911,877</u>	<u>\$ 798,625</u>
<u>Business-type Activities:</u>					
General obligation bonds	\$ 3,700,000	\$ -	\$ 195,000	\$ 3,505,000	\$ 205,000
Notes payable	3,205,495	-	222,589	2,982,906	208,559
Compensated absences	61,819	14,276	-	76,095	-
Business-type activities long-term liabilities	<u>\$ 6,967,314</u>	<u>\$ 14,276</u>	<u>\$ 417,589</u>	<u>\$ 6,564,001</u>	<u>\$ 413,559</u>

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

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 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	1,302,731	24,975	-	1,327,706
Buildings and improvements	5,541,742	17,488	-	5,559,230
Equipment	1,466,085	198,114	11,800	1,652,399
Vehicles	2,430,967	76,177	-	2,507,144
Infrastructure	11,391,615	2,423,806	-	13,815,421
Total capital assets being depreciated	22,133,140	2,740,560	11,800	24,861,900
Less accumulated depreciation for:				
Land improvements	416,820	50,797	-	467,617
Buildings and improvements	2,321,003	160,710	-	2,481,713
Equipment	1,236,273	79,135	8,260	1,307,148
Vehicles	1,671,255	161,275	-	1,832,530
Infrastructure	2,641,007	275,992	-	2,916,999
Total accumulated depreciation	8,286,358	727,909	8,260	9,006,007
Total capital assets, being depreciated, net	13,846,782	2,012,651	3,540	15,855,893
Governmental activities capital assets, net	\$ 14,710,439	\$ 2,012,651	\$ 3,540	\$ 16,719,550
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 182,313	\$ -	\$ -	\$ 182,313
Capital assets, being depreciated:				
Buildings and improvements	8,925,521	57,228	-	8,982,749
Distribution systems	27,831,357	865,521	-	28,696,878
Equipment	732,950	18,645	-	751,595
Vehicles	1,244,969	-	-	1,244,969
Total capital assets, being depreciated	38,734,797	941,394	-	39,676,191
Less accumulated depreciation for:				
Buildings and improvements	6,199,680	164,658	-	6,364,338
Distribution systems	7,891,238	725,860	-	8,617,098
Equipment	415,412	37,772	-	453,184
Vehicles	790,021	115,254	-	905,275
Total accumulated depreciation	15,296,351	1,043,544	-	16,339,895
Total capital assets, being depreciated, net	23,438,446	(102,150)	-	23,336,296
Business-type activities capital assets, net	\$ 23,620,759	\$ (102,150)	\$ -	\$ 23,518,609

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	\$	105,049
Public safety		126,396
Streets and highways, including depreciation of general infrastructure assets		329,911
Health and welfare		34,926
Cultural and recreational		<u>131,627</u>
Total depreciation expense - governmental activities	\$	<u>727,909</u>
Business-type activities:		
Electric, waterworks and sewerage	\$	<u>1,043,544</u>

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

The following is a schedule of interfund receivables and payables for the year ending April 30, 2015.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 596,460	\$ 2,850
Fire Fund	-	195,000
TIF #1 Fund	-	635,300
Business District Fund	-	596,460
Special Service Area Fund	-	59,907
Ambulance Fund	-	556,500
Cemetery Trust Fund	2,850	-
Waterworks and Sewerage Fund	254,907	-
Electric Light Fund	<u>1,191,800</u>	-
Totals	<u>\$ 2,046,017</u>	<u>\$ 2,046,017</u>

NOTE 7: RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

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

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

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2014 was 12.91 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2014 was \$300,169.

Three-Year Trend Information for IMRF

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
12/31/2014	\$ 300,169	100%	\$ -
12/31/2013	287,791	100%	-
12/31/2012	260,689	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 75.79 percent funded. The actuarial accrued liability for benefits was \$6,266,099 and the actuarial value of assets was \$4,748,856, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,517,243. The covered payroll for calendar year 2014 (annual payroll of active

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

employees covered by the plan) was \$2,325,087 and the ratio of the UAAL to the covered payroll was 65 percent.

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

2. 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, 2015:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	4
Inactive Plan Member Entitled to Deferral of Benefits	1
Active Plan Members	<u>12</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

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

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 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.

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

Rate of Return:

For the year ended April 30, 2015, the annual rate of return on pension plan investments, net of pension plan investment expense, was 5.41%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2015 were as follows:

Total Pension Liability	\$ 7,016,582
Plan Fiduciary Net Position	<u>(4,522,186)</u>
Net Pension Liability	<u>\$ 2,494,396</u>
Plan Fiduciary Net Position	
as a % of Total Pension Liability	64.45%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2015 using the following actuarial assumptions.

Inflation	3.00%
Salary Increases	3.50%
Discount Rate used for the Net Pension Liability	5.61%
Retirement Mortality Rate: L&A 2012 Illinois Police 100% Capped at age 65	
Disabled Mortality Rate: L&A 2012 Illinois Police 100%	

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.

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

Best estimates of arithmetic real rates of return for each major asset class as of April 30, 2015 are summarized in the following table:

	Long Term Expected
<u>Asset Class</u>	<u>Real Rate of Return</u>
T Bill	0.5%
Short Govt/Credit	1.5%
Intermediate Govt	2.0%
Large	4.5%
Large Value	5.0%
Emerging Markets	8.0%

Discount Rate:

The discount rate used to measure the total pension liability was 5.61 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 2058. 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.

	1% Decrease	Current Discount Rate	1% Increase
	<u>4.61%</u>	<u>5.61%</u>	<u>6.61%</u>
Net Pension Liability	\$ 3,633,921	\$ 2,494,395	\$ 1,564,655

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 290,943
Interest on net pension obligation	12,698
Adjustment to annual required contribution	<u>(10,252)</u>
Annual pension cost	293,389
Contributions made	<u>261,621</u>
Increase in net pension obligation	31,768
Net pension obligation beginning of year	<u>211,637</u>
Net pension obligation end of year	<u>\$ 243,405</u>

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

The annual required contribution for the current year was determined as part of the April 30, 2014, actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 6.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% per year. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of assets was determined using adjusted market values. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

Three-Year Trend Information

	Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
Police Pension	4/30/2014	\$ 293,389	89.92%	\$ 243,405
	4/30/2013	295,594	91.20%	211,637
	4/30/2012	272,031	102.70%	183,449

NOTE 8: SUBSEQUENT EVENTS

The City has evaluated events occurring after the financial statement date through July 28, 2015 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

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

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

NOTE 9: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended April 30, 2015:

General Fund Transfer From (To):	
Cemetery Trust Fund	\$ 7,500
IMRF Fund	132,828
Debt Service Fund	(33,652)
TIF #1 Fund Transfer (To):	
Debt Service Fund	(77,962)
TIF #2 Fund Transfer (To):	
Water and Sewer Fund	(66,178)
Ambulance Fund Transfer From:	
IMRF Fund	38,113
IMRF Fund Transfer (To):	
General Fund	(132,828)
Ambulance Fund	(38,113)
Debt Service Fund Transfer From (To):	
General Fund	33,652
TIF #1 Fund	77,962
Electric Light Fund	78,712
Water and Sewer Fund	33,172
Water and Sewer Fund Transfer From:	
TIF #2 Fund	66,178
Debt Service Fund	(33,172)
Electric Light Fund Transfer From (To):	
Debt Service Fund	(78,712)
Cemetery Trust Fund Transfer (To):	
General Fund	(7,500)
	<u>\$ -</u>

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

CITY OF MASCOUTAH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Property Tax	\$ 523,300	\$ 523,300	\$ 526,097
Utility Tax	358,527	358,527	365,609
Hotel Tax	42,450	42,450	49,075
Intergovernmental	1,712,445	1,712,445	1,768,851
Licenses and Permits	85,500	85,500	117,564
Charges for Services	443,825	443,825	391,928
Fines and Forfeitures	24,750	24,750	24,065
Investment Earnings	3,500	3,500	2,229
Miscellaneous	5,050	5,050	3,836
Total Receipts	<u>3,199,347</u>	<u>3,199,347</u>	<u>3,249,254</u>
Disbursements			
Current:			
General Government	(48,612)	(48,612)	(111,075)
Public Safety	1,449,450	1,449,450	1,512,265
Streets and Highways	964,930	964,930	935,615
Development	59,250	59,250	21,445
Capital Outlay	185,400	185,400	181,257
Total Disbursements	<u>2,610,418</u>	<u>2,610,418</u>	<u>2,539,507</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>588,929</u>	<u>588,929</u>	<u>709,747</u>
Other Financing Sources:			
Transfers In	100,405	100,405	91,206
Transfers Out	<u>(33,660)</u>	<u>(33,660)</u>	<u>(33,652)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ 655,674</u>	<u>\$ 655,674</u>	767,301
Change for reporting on modified accrual basis:			
Change in intergovernmental revenue on modified accrual basis			(112,395)
Change in utility tax revenue on modified accrual basis			(2,098)
Change in other receivables on modified accrual basis			371
Change in accrued salaries on modified accrual basis			(3,242)
Change in franchise fee revenue on modified accrual basis			528
Change in accounts payable on modified accrual basis			326,007
Change in transfer amount from other funds			<u>(1,817)</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 974,655</u>

CITY OF MASCOUTAH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
TIF 2B FUND
FOR THE YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual (Budget Basis)
	Original	Budget	
Receipts:			
Property Tax	\$ 716,750	\$ 716,750	\$ 720,104
Investment Earnings	3,500	3,500	1,734
Total Receipts	<u>720,250</u>	<u>720,250</u>	<u>721,838</u>
Disbursements:			
Development	474,152	474,152	342,927
Project Costs	<u>70,000</u>	<u>70,000</u>	<u>41,338</u>
Total Disbursements	<u>544,152</u>	<u>544,152</u>	<u>384,265</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>176,098</u>	<u>176,098</u>	<u>337,573</u>
Other Financing Sources:			
Transfers Out	<u>(66,178)</u>	<u>(66,178)</u>	<u>(66,178)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ 109,920</u>	<u>\$ 109,920</u>	271,395
Change for reporting on modified accrual basis:			
Change in accounts payable on modified accrual basis			<u>164,754</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 436,149</u>

CITY OF MASCOUTAH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual (Budget Basis)
	Original	Budget	
Receipts:			
None	\$ -	\$ -	\$ -
Total Receipts	-	-	-
Disbursements:			
Streets and Highways	-	-	8,549
Capital Outlay	2,765,000	2,765,000	1,564,293
Total Disbursements	2,765,000	2,765,000	1,572,842
Excess (Deficiency) of Receipts Over Disbursements	(2,765,000)	(2,765,000)	(1,572,842)
Other Financing Sources:			
Proceeds from Debt	2,750,000	2,750,000	1,572,842
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	\$ (15,000)	\$ (15,000)	-
Change for reporting on modified accrual basis:			
Change in accounts payable on modified accrual basis			(15,077)
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			\$ (15,077)

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2015

	Calendar Year					
	2014	2013	2012	2011	2010	2009
Actuarial Value of Assets	\$ 4,748,856	\$ 4,318,420	\$ 4,034,649	\$ 3,402,151	\$ 3,701,027	\$ 4,000,956
Actuarial Accrued Liability (AAL)	6,266,099	5,805,180	5,744,528	5,140,361	5,187,090	5,289,040
Unfunded AAL (UAAL)	1,517,243	1,486,760	1,709,879	1,738,210	1,486,063	1,288,084
Funded Ratio	75.79%	74.39%	70.23%	66.19%	71.35%	75.65%
Covered Payroll	2,325,087	2,220,612	2,165,194	2,238,333	2,224,822	2,135,653
UAAL as a % of Covered Payroll	65.26%	66.95%	78.97%	77.66%	66.79%	60.31%
Employer Contributions:						
Required	300,169	287,791	260,689	260,318	252,517	205,023
Made	300,169	287,791	260,689	260,318	234,941	205,023
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	100.00%	100.00%	100.00%	93.04%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$5,718,559.

On a market basis, the funded ratio would be 91.26 percent.

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

Actuarial Cost Method:	Entry Age Normal Actuarial Cost
Amortization Method:	Level Percentage of Projected Payroll
Remaining Amortization Period:	Open 29 Year Basis
Asset Valuation Method:	Techniques that smooth the effects of short term volatility over a five year period.
Actuarial Assumptions:	
Interest Rate	7.5 %
Salary Progression	4.4 - 14.0 %
Cost of Living Adjustments	3.0 %

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
APRIL 30, 2015

Total Pension Liability:

Service Cost	\$ 275,565
Interest	361,003
Benefit payments, including refunds	<u>(109,971)</u>
Net change in total pension liability	526,597
Total pension liability - beginning	<u>6,489,985</u>
Total pension liability - ending	<u>\$ 7,016,582</u>

Plan Fiduciary Net Position

Contributions - employer	261,621
Contributions - employee	76,899
Net investment income	206,177
Benefit payments, including refunds	(109,971)
Administrative	<u>(8,844)</u>
Net change in plan fiduciary net position	425,882
Plan fiduciary net position - beginning	<u>4,096,304</u>
Plan fiduciary net position - ending	<u>\$ 4,522,186</u>

Net Pension Liability	<u>\$ 2,494,396</u>
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Plan fiduciary net position as a percentage of the total pension liability	<u>64.45%</u>
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Covered-employee Payroll	<u>\$ 936,302</u>
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Net position liability as a percentage of covered-employee payroll	<u>266.41%</u>
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CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
POLICE PENSION FUND
APRIL 30, 2015

Actuarial Determined Contribution	\$ 290,943
Contributions in relation to actuarial determined contribution	<u>261,621</u>
Contribution deficiency (excess)	<u>\$ 29,322</u>
 Covered-employee Payroll	 <u>801,416</u>
 Contributions as a percentage of covered-employee payroll	 <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, 2014.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Projected Unit Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	26 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate (current and prior)	6.00%
Payroll Growth	4.50%
Cost of Living	3.00%

CITY OF MASCOUTAH, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND
APRIL 30, 2015**

Annual rate of return, net of investment expense	5.41%
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CITY OF MASCOUATAH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2015

	Total Special Revenue	Debt Service	Permanent Funds			Total Nonmajor Governmental Funds
			Cemetery Trust	Park Board Leu	Total	
<u>Assets</u>						
Cash and Cash Equivalents	\$ 1,082,396	\$ 139,967	\$ -	\$ -	\$ -	\$ 1,222,363
Receivables (Net of Allowance for Doubtful Accounts):						
Property Tax	1,342,000	201,000	-	-	-	1,543,000
Intergovernmental	44,897	-	-	-	-	44,897
Other	110,252	-	-	-	-	110,252
Due from Other Funds	-	-	2,850	-	2,850	2,850
Restricted Cash and Investments	-	-	318,574	2,500	321,074	321,074
Total Assets	<u>\$ 2,579,545</u>	<u>\$ 340,967</u>	<u>\$ 321,424</u>	<u>\$ 2,500</u>	<u>\$ 323,924</u>	<u>\$ 3,244,436</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accrued Payroll and Benefits	\$ 18,587	\$ -	\$ -	\$ -	\$ -	\$ 18,587
Accounts Payable	21,678	-	-	-	-	21,678
Due to Other Funds	2,043,167	-	-	-	-	2,043,167
Deferred Revenue	1,358,947	201,000	-	-	-	1,559,947
Total Liabilities	<u>3,442,379</u>	<u>201,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,643,379</u>
Fund Balances:						
Nonspendable	-	-	321,424	2,500	323,924	323,924
Restricted For:						
Debt Service	-	139,967	-	-	-	139,967
Revenue Restrictions	983,201	-	-	-	-	983,201
Unassigned	(1,846,035)	-	-	-	-	(1,846,035)
Total Fund Balances	<u>(862,834)</u>	<u>139,967</u>	<u>321,424</u>	<u>2,500</u>	<u>323,924</u>	<u>(398,943)</u>
Total Liabilities and Fund Balances	<u>\$ 2,579,545</u>	<u>\$ 340,967</u>	<u>\$ 321,424</u>	<u>\$ 2,500</u>	<u>\$ 323,924</u>	<u>\$ 3,244,436</u>

CITY OF MASCOUTAH, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2015

	Total Special Revenue	Debt Service	Permanent Funds			Total Nonmajor Governmental Funds
			Cemetery Trust	Park Board Leu	Total	
Revenues:						
Property Tax	\$ 1,381,522	\$ 199,988	\$ -	\$ -	\$ -	\$ 1,581,510
Intergovernmental	337,710	-	-	-	-	337,710
Licenses, Permits and Fees	21,608	-	-	-	-	21,608
Charges for Services	399,727	-	1,817	-	1,817	401,544
Fines and Forfeitures	5,391	-	-	-	-	5,391
Investment Income	3,248	820	2,589	-	2,589	6,657
Contributions	3,922	-	-	-	-	3,922
Miscellaneous	18,636	-	-	-	-	18,636
Total Revenues	<u>2,171,764</u>	<u>200,808</u>	<u>4,406</u>	<u>-</u>	<u>4,406</u>	<u>2,376,978</u>
Expenditures:						
Current:						
Public Safety	98,625	-	-	-	-	98,625
Streets and Highways	17,095	-	-	-	-	17,095
Development	35,429	-	-	-	-	35,429
Health & Welfare	594,668	-	-	-	-	594,668
Cultural and Recreational	669,930	-	-	-	-	669,930
Capital Outlay	620,264	-	-	-	-	620,264
Debt Service:						
Principal	105,412	327,814	-	-	-	433,226
Interest and Fiscal Charges	18,412	99,622	-	-	-	118,034
Total Expenditures	<u>2,159,835</u>	<u>427,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,587,271</u>
Excess (Deficiency) of Revenues Over Expenditures	11,929	(226,628)	4,406	-	4,406	(210,293)
Other Financing Sources (Uses):						
Proceeds From Debt	57,668	-	-	-	-	57,668
Transfers In	38,113	223,498	-	-	-	261,611
Transfers Out	(248,903)	-	(7,500)	-	(7,500)	(256,403)
Total Other Financing Sources (Uses)	<u>(153,122)</u>	<u>223,498</u>	<u>(7,500)</u>	<u>-</u>	<u>(7,500)</u>	<u>62,876</u>
Net Change in Fund Balances	(141,193)	(3,130)	(3,094)	-	(3,094)	(147,417)
Fund Balances, Beginning of Year	<u>(721,641)</u>	<u>143,097</u>	<u>324,518</u>	<u>2,500</u>	<u>327,018</u>	<u>(251,526)</u>
Fund Balances, End of Year	<u>\$ (862,834)</u>	<u>\$ 139,967</u>	<u>\$ 321,424</u>	<u>\$ 2,500</u>	<u>\$ 323,924</u>	<u>\$ (398,943)</u>

CITY OF MASCOUTAH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
APRIL 30, 2015

	Fire	Playground & Recreation	Ambulance	Motor Fuel Tax	TIF #1	Business District	Public Library	Illinois Municipal Retirement	Special Service Area	Total
<u>Assets</u>										
Cash and Cash Equivalents	\$ 64,108	\$ 74,069	\$ 32,480	\$ 503,679	\$ 1,374	\$ 10,962	\$ 268,329	\$ 114,051	\$ 13,344	\$ 1,082,396
Receivables (Net of Allowance for Doubtful Accounts):										
Property Tax	140,000	220,000	328,000	-	169,000	-	358,000	127,000	-	1,342,000
Intergovernmental Accounts	-	-	13,200	17,404	-	14,293	-	-	-	44,897
	-	19,622	44,067	-	-	-	-	-	46,563	110,252
Total Assets	\$ 204,108	\$ 313,691	\$ 417,747	\$ 521,083	\$ 170,374	\$ 25,255	\$ 626,329	\$ 241,051	\$ 59,907	\$ 2,579,545
<u>Liabilities and Fund Balance</u>										
Liabilities:										
Accrued Payroll and Benefits	\$ -	\$ 2,412	\$ 7,601	\$ -	\$ -	\$ -	\$ 8,574	\$ -	\$ -	\$ 18,587
Accounts Payable	3,003	-	15,708	-	-	-	2,967	-	-	21,678
Due to Other Funds	195,000	-	556,500	-	635,300	596,460	-	-	59,907	2,043,167
Deferred Revenue	152,435	220,000	328,000	-	169,000	4,512	358,000	127,000	-	1,358,947
Total Liabilities	350,438	222,412	907,809	-	804,300	600,972	369,541	127,000	59,907	3,442,379
Fund Balance (Deficit):										
Restricted	-	91,279	-	521,083	-	-	256,788	114,051	-	983,201
Unassigned	(146,330)	-	(490,062)	-	(633,926)	(575,717)	-	-	-	(1,846,035)
Total Fund Balance (Deficit)	(146,330)	91,279	(490,062)	521,083	(633,926)	(575,717)	256,788	114,051	-	(862,834)
Total Liabilities and Fund Balance	\$ 204,108	\$ 313,691	\$ 417,747	\$ 521,083	\$ 170,374	\$ 25,255	\$ 626,329	\$ 241,051	\$ 59,907	\$ 2,579,545

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, 2015

	Fire	Playground & Recreation	Ambulance	Motor Fuel Tax	TIF #1	Business District	Public Library	Illinois Municipal Retirement	Special Service Area	Total
Revenues:										
Property Tax	\$ 136,725	\$ 209,095	\$ 396,692	\$ -	\$ 157,444	\$ -	\$ 341,212	\$ 127,011	\$ 13,343	\$ 1,381,522
Intergovernmental	39,660	-	-	251,772	-	32,639	13,639	-	-	337,710
Licenses, Permits and Fees	6,900	11,598	-	-	-	-	3,110	-	-	21,608
Charges for Services	-	132,733	264,099	-	-	-	2,227	-	668	399,727
Fines and Forfeitures	-	-	-	-	-	-	5,391	-	-	5,391
Investment Income	27	52	25	2,128	2	-	364	650	-	3,248
Contributions	-	-	-	-	-	-	3,922	-	-	3,922
Miscellaneous	11,235	2,006	45	-	-	-	5,350	-	-	18,636
Total Revenues	194,547	355,484	660,861	253,900	157,446	32,639	375,215	127,661	14,011	2,171,764
Expenditures:										
Current:										
Public Safety	98,625	-	-	-	-	-	-	-	-	98,625
Streets and Highways	-	-	-	4,562	-	12,533	-	-	-	17,095
Development	-	-	-	-	35,429	-	-	-	-	35,429
Health & Welfare	-	-	-	-	-	-	-	-	-	594,668
Cultural and Recreational	-	267,402	-	-	-	-	402,528	-	-	669,930
Debt Service:										
Principal	-	69,817	35,595	-	-	-	-	-	-	105,412
Interest and Fiscal Charges	-	2,078	2,323	-	-	-	-	-	14,011	18,412
Capital Outlay	20,343	24,975	57,668	193,061	-	324,217	-	-	-	620,264
Total Expenditures	118,968	364,272	690,254	197,623	35,429	336,750	402,528	-	14,011	2,159,835
Excess (Deficiency) of Revenues Over Expenditures	75,579	(8,788)	(29,393)	56,277	122,017	(304,111)	(27,313)	127,661	-	11,929
Other Financing Sources (Uses):										
Proceeds From Debt	-	-	57,668	-	-	-	-	-	-	57,668
Transfers In	-	-	38,113	-	-	-	-	(170,941)	-	38,113
Transfers Out	-	-	-	-	(77,962)	-	-	(170,941)	-	(248,903)
Total Other Financing Sources (Uses)	-	-	95,781	-	(77,962)	-	-	(170,941)	-	(153,122)
Net Change in Fund Balances	75,579	(8,788)	66,388	56,277	44,055	(304,111)	(27,313)	(43,280)	-	(141,193)
Fund Balance (Deficit), Beginning of Year	(221,909)	100,067	(556,450)	464,806	(677,981)	(271,606)	284,101	157,331	-	(721,641)
Fund Balance (Deficit), End of Year	\$ (146,330)	\$ 91,279	\$ (490,062)	\$ 521,083	\$ (633,926)	\$ (575,717)	\$ 256,788	\$ 114,051	\$ -	\$ (862,834)

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF TAX RATES, EXTENSIONS AND COLLECTIONS APRIL 30, 2015

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Assessed Valuation	\$ 124,234,550	\$ 121,995,577	\$ 117,798,572	\$ 113,195,248	\$ 110,886,437	\$ 104,585,629	\$ 102,002,466	\$ 92,047,875	\$ 81,207,597	\$ 66,932,370
Tax Rates:										
General	\$ 0.3904	\$ 0.3796	\$ 0.3781	\$ 0.3870	\$ 0.3515	\$ 0.3252	\$ 0.2932	\$ 0.2707	\$ 0.2850	\$ 0.2114
Playground	0.1771	0.1722	0.1703	0.1679	0.1638	0.1688	0.1648	0.0826	0.0891	0.1080
Fire Protection	0.1127	0.1126	0.1105	0.1105	0.1030	0.1044	0.0882	0.0930	0.0842	0.1021
Ambulance	0.2641	0.2423	0.2107	0.1860	0.1604	0.1652	0.1411	0.1367	0.1089	0.1321
Police Pension	0.2119	0.2204	0.2375	0.1775	0.1794	0.1768	0.1492	0.1076	0.1161	0.1354
IMRF	0.1019	0.1046	0.1105	0.1563	0.1817	0.1928	0.1803	0.1665	0.1382	0.1611
Bond and Interest	0.1620	0.1647	0.1770	0.2371	0.2360	0.2537	0.2397	0.2270	0.2421	0.2271
Library	0.2881	0.2810	0.2740	0.2788	0.2700	0.2754	0.2517	0.2533	0.2737	0.3168
	\$ 1.7082	\$ 1.6774	\$ 1.6686	\$ 1.7011	\$ 1.6458	\$ 1.6623	\$ 1.5082	\$ 1.3374	\$ 1.3373	\$ 1.3940
Tax Extensions:										
General	\$ 485,012	\$ 463,095	\$ 445,396	\$ 438,066	\$ 389,766	\$ 340,113	\$ 299,071	\$ 249,174	\$ 231,442	\$ 141,495
Playground	220,019	210,076	200,611	190,055	181,632	176,541	168,100	76,032	72,356	72,287
Fire Protection	140,012	137,367	130,167	125,081	114,213	109,187	89,966	85,604	68,377	68,338
Ambulance	328,103	295,595	248,202	210,543	177,862	172,775	143,925	125,829	88,435	88,418
Police Pension	263,253	268,878	279,772	200,922	198,930	184,907	152,188	99,043	94,282	90,626
IMRF	126,595	127,607	130,167	176,924	201,481	201,641	183,910	153,260	112,229	107,828
Bond and Interest	201,260	200,927	208,503	268,386	261,692	265,334	244,500	208,949	196,603	152,003
Library	357,920	342,808	322,768	315,588	299,393	288,029	256,740	233,157	222,265	212,042
Total	\$ 2,122,174	\$ 2,046,353	\$ 1,965,586	\$ 1,925,565	\$ 1,824,969	\$ 1,738,527	\$ 1,538,400	\$ 1,231,048	\$ 1,085,989	\$ 933,037
Tax Collections	\$ -	\$ 2,036,778	\$ 1,955,940	\$ 1,920,332	\$ 1,814,823	\$ 1,724,723	\$ 1,524,461	\$ 1,236,866	\$ 1,079,295	\$ 931,226
Percentage Collected	0.00%	99.53%	99.51%	99.73%	99.44%	99.21%	99.09%	100.47%	99.38%	99.81%

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

To the Mayor and City Council
City of Mascoutah, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the of the City of Mascoutah, Illinois as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Other Matters

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

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

C. J. Schmitt & Company LLC

Certified Public Accountants

July 28, 2015