

CITY OF CHARLESTON, ILLINOIS

FINANCIAL STATEMENTS
For the Year Ended April 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Charleston
Charleston, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Charleston, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Charleston, Illinois, as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note A to the financial statements, in 2014 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 19 and the schedules of funding progress on page 72 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 Charleston, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and additional information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of the City of Charleston, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Charleston, Illinois' internal control over financial reporting and compliance.

Gilbert, Metzger & Madigan, LLP

December 1, 2014

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Commissioners
City of Charleston
Charleston, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Charleston, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Charleston, Illinois' basic financial statements and have issued our report thereon dated December 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Charleston, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Charleston, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Charleston, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control that we consider to be a significant deficiency:

2014-1 Expenditures Over Appropriations (Budget):

Appropriations set the legal spending limit for each fund. Expenditures in the Judgment Fund and Playground and Recreation Fund exceeded appropriations. See Note L to the financial statements for detail. If expenditures are likely to go over budget, then the City should consider a budget amendment.

Management's Response:

Corrective action will be taken to prevent this from occurring in the future.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Charleston, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert, Metzger & Madigan, LLP

December 1, 2014

City of Charleston, Illinois
Management's Discussion and Analysis
For the Fiscal Year Ended April 30, 2014

As the management of the City of Charleston, we offer the readers of the City's financial statements this narrative analysis and overview of the financial activities of the City for the fiscal year ended April 30, 2014. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements which begin on page 20.

Financial Highlights

- At April 30, 2014, the City's total assets exceeded its liabilities by \$45.4 million. In accordance with governmental accounting standards, this includes all of the City's infrastructure assets (net of depreciation).
- Most of the City's net position consists of \$39.3 million in capital assets, net of related debt. Restricted net position of \$1.2 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining amount of \$4.9 million in unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- Expenses of \$19.5 million during the year exceeded revenues of \$19.3 million, decreasing the City's total net position by \$180,529. The decrease in net position consists of a \$105,423 increase in net position of the City's governmental activities and a \$285,952 decrease in net position related to the City's business-type activities.
- A prior period adjustment was made due to an accounting change. The adjustment decreased the City's total net position by \$386,091. The City implemented *GASB #65, Items Previously Reported as Assets and Liabilities*, which requires the City to present deferred outflows and deferred inflows of resources and changes the method of reporting debt issuance costs.
- At the end of the fiscal year, the City's total fund balances in its governmental funds were \$10.67 million, a \$20,632 increase from the prior year balances of \$10.65 million.
- At April 30, 2014, approximately \$4.2 million (or 40%) of the total fund balance in governmental funds is available for spending at the government's discretion (unassigned). Unassigned fund balance increased \$113,811 from prior year. Of the restricted fund balances, 80% (\$4.98 million) is restricted for debt service, 12% (\$720,855) is restricted for urban development and housing and 6% (\$391,899) is restricted for highways and streets. Governmental funds have a committed or assigned fund balance of \$202,247 and nonspendable fund balance of \$20,918.

- The City had \$27.6 million in long-term debt at the end of the year, including bonded general obligation debt of \$11.1 million and bonded alternative revenue debt of \$5.16 million. Outstanding debt decreased by \$87,391, primarily due to principal repayments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Charleston's basic financial statements. The City of Charleston's basic financial statements are comprised of three primary components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements.

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

This financial report includes not only the City of Charleston itself (known as the "primary government"), but also one additional entity, the Library Fund which operates the Carnegie Public Library. Although legally separate, the City of Charleston includes this component unit in its financial report in accordance with governmental accounting standards. The Library Fund's governing board is appointed by the City's governing body (City Council). Separately issued financial statements of the Library may be obtained by writing to Carnegie Public Library, 712 6th Street, Charleston, IL 61920.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the City of Charleston's finances, in a manner similar to a private-sector business and are presented on the full accrual basis of accounting.

Government-wide financial statements distinguish functions of the City of Charleston 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 of Charleston include activities such as general government, public safety, highways and streets, health and welfare, culture and recreation, urban redevelopment and housing, and economic development and assistance. The business-type activities of the City include water and sewer utility services.

The following two statements make up the government-wide financials:

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City of Charleston is improving or deteriorating.

The *Statement of Activities* presents information to show how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event which gives rise to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, earned but unused vacation leave).

The government-wide financial statements may be found on pages 20-22 of this report.

Fund Financial Statements:

The fund financial statements provide supplementary detailed information about the City's most significant funds, but not the City as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Charleston, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has three types of funds: Governmental, Proprietary, and Fiduciary.

- **Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. This information is useful to evaluate a government's near-term financing requirements.

Because the focus of governmental funds is narrower than 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance present a reconciliation to facilitate comparison between the governmental funds and governmental activities.

The City of Charleston has presented nine governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the general, pensions tax levy, and debt service funds which are considered major funds. The remaining governmental funds are combined into a

single, aggregated presentation termed non-major governmental funds. Individual fund data for each non-major governmental fund is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its governmental funds, except for the Pensions Tax Levy Fund. This report includes a budgetary comparison statement for the major general and special revenue funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 23-35 of this report.

Proprietary Funds – The City of Charleston maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type funds to account for its water and sewer utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Charleston’s various functions.

The City of Charleston uses internal service funds to account for employee and retiree group healthcare. Because these services benefit the governmental and business-type functions, these services have been allocated between governmental and business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The City adopts an annual budget for its proprietary fund.

The basic proprietary fund financial statements can be found on pages 36-42 of this report.

- **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City of Charleston’s own programs. The accounting used for fiduciary funds is similar to the procedures used by proprietary funds. The City has numerous fiduciary funds including the police pension and firefighter’s pension funds and several agency funds affiliated with the Playground and Recreation Fund. The City is the trustee for these two pension funds and it is responsible to ensure the assets reported in these funds are used only for the purpose intended. The affiliate agency funds are purely custodial in nature.

The basic fiduciary fund financial statements can be found on pages 43-44 of this report.

Notes to the Financial Statements:

The notes provide additional information essential for the user to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 45-71 of this report.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information in regards to the City of Charleston's progress in funding obligation to provide pension and other post-employment benefits to its employees.

Required supplemental information can be found on page 72 of this report.

Other Information:

The combining statements referred to earlier in connection with the non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 73-83 of this report.

Government-Wide Financial Analysis

Net Position - 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, assets exceed liabilities and deferred inflows of resources by \$45 million at year ended April 30, 2014. The following table reflects the condensed Statement of Net Position of the current year as compared to the previous year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets:						
Current assets and other	\$ 15,737,438	\$ 15,831,972	\$ 3,284,838	\$ 3,636,197	\$ 19,022,276	\$ 19,468,169
Capital assets	22,580,862	22,489,718	36,627,421	36,844,144	59,208,283	59,333,862
Total assets	38,318,300	38,321,690	39,912,259	40,480,341	78,230,559	78,802,031
Liabilities:						
Current liabilities	726,324	1,015,488	432,948	502,290	1,159,272	1,517,778
Noncurrent liabilities	14,799,293	14,673,895	12,817,837	13,030,626	27,617,130	27,704,521
Total liabilities	15,525,617	15,689,383	13,250,785	13,532,916	28,776,402	29,222,299
Deferred Inflows of Resources	3,986,498	3,931,545	-	-	3,986,498	3,931,545
Net position:						
Net investment in capital assets, net of related debt	15,366,041	15,098,549	23,961,321	24,146,747	39,327,362	39,245,296
Restricted	1,248,162	1,224,713	-	-	1,248,162	1,224,713
Unrestricted	2,191,982	2,377,500	2,700,153	2,800,678	4,892,135	5,178,178
Total net position	\$ 18,806,185	\$ 18,700,762	\$ 26,661,474	\$ 26,947,425	\$ 45,467,659	\$ 45,648,187

The largest portion of the City of Charleston's net position (\$39.3 million or 86 percent) is the investment in capital assets (e.g. land, buildings, equipment, and infrastructure); less any related debt still outstanding that was used to acquire those assets. The City of Charleston uses these capital resources to provide services to citizens. Thus, these resources are not available for future spending. Although the City's investment in capital assets is reported net of related debt in the net position section, the reader must bear in mind the resources to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$1.2 million (3 percent) of the City's net position represents resources that are subject to external restrictions on their use. The remaining \$4.9 million (11 percent) represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Position - The following table compares government-wide revenues and expenditures for the current and previous fiscal year.

Table 2- Changes in Net Position For Fiscal Year Ended April 30, 2014

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,244,933	\$ 2,371,192	\$ 5,331,775	\$ 5,490,731	\$ 7,576,708	\$ 7,861,923
Operating grants	759,853	958,913	-	25,255	759,853	984,168
Capital grants	-	273,851	-	-	-	273,851
General revenues:						
Property taxes	4,019,023	3,886,818	-	-	4,019,023	3,886,818
Income taxes	2,085,494	2,066,256	-	-	2,085,494	2,066,256
Sales taxes	3,123,746	3,079,261	-	-	3,123,746	3,079,261
Other general revenues	1,760,845	1,667,793	36,424	61,726	1,797,269	1,729,519
Total Revenues	13,993,894	14,304,084	5,368,199	5,577,712	19,362,093	19,881,796
Expenses:						
General government	5,056,595	4,994,764	-	-	5,056,595	4,994,764
Public safety	5,775,294	5,437,158	-	-	5,775,294	5,437,158
Highways and streets	1,843,591	1,732,540	-	-	1,843,591	1,732,540
Health and welfare	82,022	102,127	-	-	82,022	102,127
Culture and recreation	773,908	790,841	-	-	773,908	790,841
Urban redevelopment and housing	444,606	708,818	-	-	444,606	708,818
Economic development and assist	99,670	105,992	-	-	99,670	105,992
Interest expense	375,787	377,163	-	-	375,787	377,163
Water and sewer	-	-	5,091,149	4,762,158	5,091,149	4,762,158
Total expenses	14,451,473	14,249,403	5,091,149	4,762,158	19,542,622	19,011,561
Increase (Decrease) in net position before transfers	(457,579)	54,681	277,050	815,554	(180,529)	870,235
Transfers	563,002	377,452	(563,002)	(377,452)	-	-
Increase (Decrease) in net position	105,423	432,133	(285,952)	438,102	(180,529)	870,235
Net position - beginning of year	18,875,735	18,443,602	27,158,544	26,720,442	46,034,279	45,164,044
Accounting change	(174,973)	-	(211,118)	-	(386,091)	-
Net position- beginning of year, restated	18,700,762	18,443,602	26,947,426	26,720,442	45,648,188	45,164,044
Net position- end of year	\$ 18,806,185	\$ 18,875,735	\$ 26,661,474	\$ 27,158,544	\$ 45,467,659	\$ 46,034,279

Current Year Impacts - Overall Net Position

As noted in the previous chart, the City of Charleston's total net position decreased \$180,529 due to a \$105,423 increase in the net assets of the City's governmental activities and a \$285,952 decrease in net position of business-type activities. An accounting change adjustment decreased the net position by an additional \$386,091.

Net investment in capital assets increased by \$82,065 to \$39.3 million due to capital asset additions and debt retirement. Restricted net position increased by \$23,449, while unrestricted net position decreased \$672,134 after the accounting change adjustment.

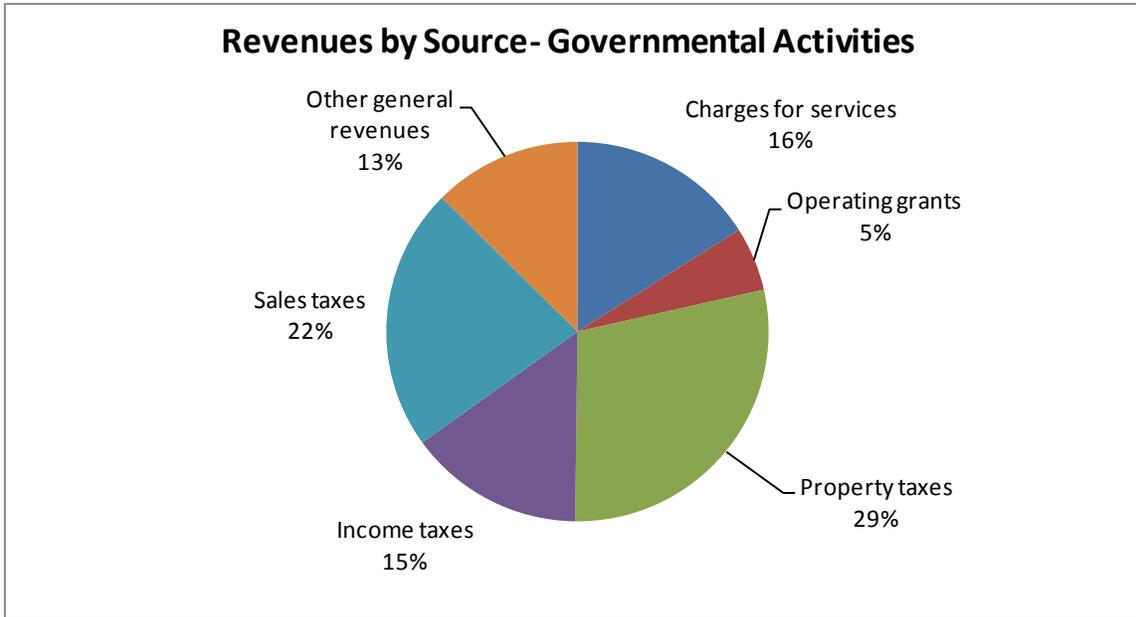
Total revenues decreased \$519,703 (3%). Expenses decreased \$531,061 (3%). Results for specific types of revenues and expenses are discussed below.

Governmental Activities - Revenues and Expenses

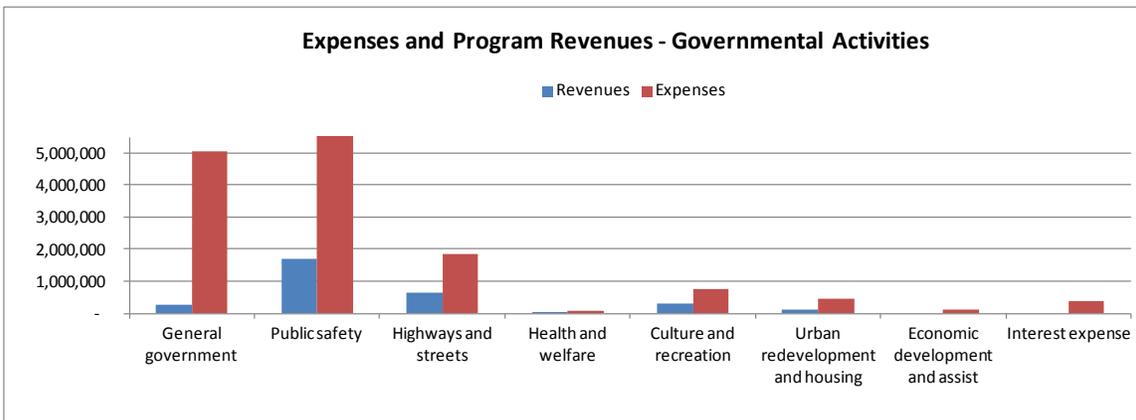
Revenues for governmental activities decreased by \$310,190 (2%) to \$14 million. The decline in operating and capital grants was responsible for the majority of the decrease. The largest increase from prior year was related to property taxes (\$132,205). Other revenue types seeing increases include income taxes (\$19,238), sales taxes (\$44,485), and other general revenues (\$93,052). The increases were offset by decreases in charges for services (\$126,259), operating grants (\$199,060) and capital grants (\$273,851).

Total expenses for governmental activities increased \$202,070 (1%) to \$14.5 million. Expenses in governmental activities are largely dependent on revenues. As revenues begin to recover from large declines, expenses are also being added back when necessary. Expenses increased within general government (\$61,831), public safety (\$338,136), and highways and streets (\$111,051). Decreases in expenses occurred within health and welfare (\$20,105), culture and recreation (\$16,933), urban redevelopment and assistance (\$264,212), economic development (\$6,322), and interest expense (\$1,376).

The chart below depicts the City’s major revenue sources for governmental activities. It clearly shows the diversity of the City’s revenue sources. While property taxes and sales taxes together account for 51 percent of revenues, charges for services also continue to fund governmental activities. The City has placed additional reliance upon user fees to lower the impact upon property taxes where possible. Charges for services is made up of various licenses, housing permits, fines and parking system fees, franchise fees, rental income, intergovernmental service fees, employee benefit contributions, and ambulance revenues.



The chart below compares program revenues with program expenses for governmental functions. A relatively small portion of expenditures for governmental functions are derived from program revenues.



Business-Type Activities - Revenues and Expenses

Revenues for the City's business-type activities decreased by \$209,513 or 4%. Charges for services decreased \$158,956, operating grants decreased \$25,255 and other general revenues decreased \$25,302. In regards to charges for services, water and sewer gallons billed decreased by 7 percent and annual water and sewer rates increased 3 percent at the beginning of the year.

Expenses for the City's business-type activities increased \$328,991 or 7% from prior year. A large portion of the increase is the capital investment being made in replacement of water meters with automated meter reading devices. Approximately \$380,000 in meter supplies can be attributed to this project.

Overall, the City's net position from business-type activities decreased by \$285,952, before taking into consideration the accounting change adjustment. A positive difference between program revenues and expenses of such activities (\$240,626) was not sufficient to fund transfers to other activities (\$563,002). Thus the total decrease in net position from such activities was \$285,952 after interest income, gain on sale of assets, and miscellaneous income of \$36,424 is added as well.

Financial Analysis of the City's Funds

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

Governmental Funds

On April 30, 2014, the governmental funds reported combined total fund balance of \$10.67 million, a \$20,632 (0.19%) increase from the prior year. Other notable changes in fund balances from the prior year are as follows:

- The General Fund ended with a decrease in fund balance of \$31,013 or 1 percent which is discussed further in the section below.
- The Employee Benefit Fund increased \$80,577 because of an increase in fund transfers from the General Fund and Water and Sewer Fund.
- The fund balance of the Motor Fuel Tax Fund decreased by \$29,453 or 15% because of monies spent on major infrastructure projects such as 9th Street reconstruction from Taylor Avenue to Lincoln Avenue.
- The Tax Increment Financing Fund has increased \$84,073 or 25% this fiscal year. The amount expended on grants and public improvements has been decreased to help rebuild the fund balance.
- The Debt Service Fund decreased \$84,324 due to interest paid on the 2012 general obligation refunding bonds.

Of the total fund balance for governmental funds, \$4.2 million is unassigned which indicates the funds are available to support the continued operations of the City. Unassigned fund balance increased \$113,811 from prior year. An additional \$202,247 is committed or assigned meaning the City has limited the use of funds to specific functions. Restricted fund balance of \$6.2 million is limited by legal restrictions from outside parties on how the funds may be spent. Unspendable fund balance in the amount of \$20,918 is not available for current expenditures as the funds are not in a spendable form such as inventory.

Additional information may be found within the Governmental Funds Balance Sheet presented on pages 23 and 24.

Proprietary Funds

The City of Charleston's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City reports the Water and Sewer Fund as a major proprietary fund. This fund accounts for the operations of the water and sewer utility including water treatment, waste water treatment, utility lines, and billing and collection.

Net position in the water and sewer fund decreased by \$295,096 from prior year which is attributable to a reduction of \$175,406 in operating income and an increase in operating expenses of \$366,164.

The proprietary fund financial statements can be found on pages 36-42.

General Fund Budgetary Highlights

The Charleston City Council amended the General Fund budget during the fiscal year. During the development of the budget for the following year, the City determined an amendment was necessary to keep the budget somewhat closer to the current expectations at that point in time.

Below is a table which reflects the original and final budget plus the actual revenues and expenditures for the General Fund. This corresponds to pages 32-35 in the basic financial statements.

For the Fiscal Year Ended April 30, 2014			
General Fund	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 7,910,960	\$ 7,910,960	\$ 7,933,842
Licenses and permits	314,660	314,660	323,043
Intergovernmental revenue	451,887	451,887	500,459
Charges for services	1,408,050	1,408,050	1,308,543
Other	935,789	939,889	607,983
Total	\$ 11,021,346	\$ 11,025,446	\$ 10,673,870
Expenditures and transfers:			
Expenditures	10,929,947	10,934,047	10,627,559
Transfers	99,100	99,100	77,324
Total	\$ 11,029,047	\$ 11,033,147	\$ 10,704,883
Change in fund balance	\$ (7,701)	\$ (7,701)	\$ (31,013)

The general fund actual revenues were \$351,576 less than the final budgeted amount. The actual revenue collected in the categories of taxes, licenses and permits, and intergovernmental revenues were higher than the final budget by \$22,882, \$8,383, and \$48,572 respectively. Charges for services and other revenues finished under the final budgeted revenue amount by \$99,507 and \$331,906 respectively.

The general fund actual expenditures were \$328,264 less than the final budget amount. Most functional areas completed the year with actual expenditures being less than the final budget. The detail by function includes: general government (\$387,538), public safety (\$126,117), health and welfare (\$2,993), culture and recreation (\$23,717) and other financing sources (uses) (\$21,776). The functional areas finishing with actual expenditures greater than final budget include highways and streets (\$130,767), urban redevelopment and housing (\$46,889), and debt service (\$56,221).

Capital Assets

As shown on the following chart, the City of Charleston had a \$59.2 million investment in capital assets of its governmental and business-type activities, net of accumulated depreciation as of April 30, 2014. A large portion (54%) of this investment represents infrastructure including roads, sidewalks, bridges, and sewers. Overall, the City's investment in capital assets decreased by 0.2% (\$125,579).

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 854,853	\$ 817,656	\$ 1,040,839	\$ 1,040,839	\$ 1,895,692	\$ 1,858,495
Buildings and Improvements	10,547,226	10,647,004	11,265,873	11,117,190	21,813,099	21,764,194
Vehicles, machinery and equipment	2,095,525	1,730,647	1,212,120	1,046,293	3,307,645	2,776,940
Infrastructure	9,083,258	9,040,895	22,965,369	23,588,095	32,048,627	32,628,990
Construction in Progress	-	253,516	143,220	51,727	143,220	305,243
	\$ 22,580,862	\$ 22,489,718	\$ 36,627,421	\$ 36,844,144	\$ 59,208,283	\$ 59,333,862

Significant capital additions in the fiscal year ending April 30, 2014 included the following:

- Fire Engine
- Ambulance
- Backhoe Loader
- Concrete reconstruction in Woodland Hills subdivision
- Reconstruction of 9th Street (Taylor to Lincoln)
- Bathroom facility near Lanman Ball Field
- Police vehicles (truck and 3 squad cars)

Additional funds were used for street resurfacing which is considered capital maintenance therefore not reflected as capital assets.

These additions to capital assets were offset by depreciation of \$1.37 million. Readers desiring more detailed information on capital assets activity should refer to the discussion in Note C to these financial statements on pages 55-57.

Debt Management

The City of Charleston's long term debt totaled \$14.8 million for governmental activities and \$12.8 million for business-type activities as of April 30, 2014.

Table 4- Long-Term Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Unamortized bond premium	\$ 172,341	\$ 184,823	\$ 122,666	\$ 134,790	\$ 295,007	\$ 319,613
Compensated absences	1,353,956	1,217,098	305,104	315,638	1,659,060	1,532,736
Net pension obligation	783,794	741,306	-	-	783,794	741,306
Net OPEB obligation	359,222	279,271	50,207	37,532	409,429	316,803
Bank notes payable	899,980	589,730	1,471,886	1,136,530	2,371,866	1,726,260
State of Illinois notes payable	100,000	116,667	5,707,974	5,736,136	5,807,974	5,852,803
General obligation bonds	11,130,000	11,545,000	-	-	11,130,000	11,545,000
Alternative revenue bonds	-	-	5,160,000	5,670,000	5,160,000	5,670,000
	\$ 14,799,293	\$ 14,673,895	\$ 12,817,837	\$ 13,030,626	\$ 27,617,130	\$ 27,704,521

The City received funds from a bank note to finance the purchase of a new fire engine (\$486,045). This contributed to the increase of \$125,398 in long-term debt related to governmental activities. Business-type activities decreased long-term debt by \$212,789. New debt obligations of \$801,855 were used finance the purchase of new equipment for the water and sewer department fleet and equipment (\$200,524), automated meter reading supplies and equipment (\$275,000), and waste water treatment plant upgrades (\$326,331). No new bonded debt was issued for business-type activities.

Compensated absences represent the value of accumulated unpaid vacation of employees and an estimated value of the sick leave accumulated that may be payable upon retirement based on criteria in employment contracts and union agreements. The Other Post-Employment Benefits (OPEB) liability will continue to increase as the City's policy remains to address this liability on a pay as you go basis.

Illinois statute restricts municipality general obligation debt to less than 8.625 percent of equalized property value. The City of Charleston is well below the statutory limit. The City of Charleston's AA- rating was affirmed by Standard and Poor's in May 2014 with a stable outlook.

Additional information on long term liabilities may be found in Note F in the Notes to the Financial Statements on pages 64-68.

Economic Factors and Next Year's Budget

The equalized assessed value (EAV) of taxable property in the City for the 2013 levy year grew 0.17% percent from prior year to \$186,977,180. The rate of development continues to be slower than in the past and the 2014 levy is expected to have a very minimal increase as well. Under tax law applicable to the City of Charleston, the EAV of taxable property should represent one-third market value, so the taxable value of property in the City as of January 1, 2014 was slightly under \$561 million.

The presence of Eastern Illinois University provides a great deal of stability to the area's economy. This stability helps make Charleston's sales tax revenues more stable than many other cities'. The City's sales tax revenues increased 1.4% or \$44,485 this fiscal year and sales tax revenues are expected to increase again in fiscal year 2014/2015.

The fiscal year 2014/2015 budget is a balanced budget. Due to the quick response to the declining revenues and tight control on spending over the past years, the budget appears to be scaled down as needed and in a position to slightly increase spending as revenue trends continue to gradually increase. Similar to other municipalities, the City of Charleston continues to face multiple challenges including but not limited to sluggish tax collections, significant pension costs and increasing operating costs all of which are accounted for in the budget.

As the economy continues to recover at a slow pace, the City has aggressively been seeking ways boost revenues, control spending, and closely monitor the budget. This process will continue into the fiscal year 2014/2015 as the City is committed to providing the same service levels and remaining fiscally responsible.

Requests for Information

This financial report is designed to provide the City's citizens, customers, investors, and creditors an overview of the City's finances, and to demonstrate the City's accountability for the money it receives. Additional information regarding the City's finances can be found on the City's website at <http://www.charlestonillinois.org>. Questions concerning this report or requests for additional financial information should be directed to:

Heather Kuykendall
City Comptroller
520 Jackson Avenue
Charleston, Illinois 61920
Phone: (217)345-5650
Email: comptroller@co.coles.il.us

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2014

	Primary Government		Totals	Component Unit
	Governmental Activities	Business Type Activities		Library Fund
ASSETS				
Cash deposits	\$ 2,725,327	\$ 2,227,923	\$ 4,953,250	\$ 144,036
Investments	6,306,026	148,914	6,454,940	-
Receivables:				
Property taxes	3,939,794	-	3,939,794	384,687
Other taxes	91,763	-	91,763	-
Customers	469,139	530,257	999,396	-
Other	32,042	-	32,042	-
Interest	7,682	-	7,682	-
Due from other governmental agencies	1,571,499	-	1,571,499	3,197
Prepaid expenditures	296,313	9,107	305,420	9,605
Inventory	20,918	378,685	399,603	-
Due from component units	21,436	-	21,436	-
Internal balances	10,048	(10,048)	-	-
Restricted assets:				
Cash deposits	245,451	-	245,451	-
Capital assets, net of accumulated depreciation	<u>22,580,862</u>	<u>36,627,421</u>	<u>59,208,283</u>	<u>927,972</u>
Total assets	<u>38,318,300</u>	<u>39,912,259</u>	<u>78,230,559</u>	<u>1,469,497</u>
LIABILITIES				
Accounts payable	400,234	336,422	736,656	22,163
Claims payable	80,574	-	80,574	-
Accrued wages	184,142	47,276	231,418	7,106
Accrued interest	61,374	49,250	110,624	409
Due to primary government	-	-	-	21,436
Long-term liabilities:				
Unamortized bond premium	172,341	122,666	295,007	-
Accrued compensated absences	1,353,956	305,104	1,659,060	18,723
Net pension obligation payable	783,794	-	783,794	-
Net OPEB obligation	359,222	50,207	409,429	5,537
Capital lease payable:				
Due within one year	-	-	-	3,545
Due in more than one year	-	-	-	11,340

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2014

	Primary Government		Totals	Component Unit
	Governmental Activities	Business Type Activities		Library Fund
Bonds payable:				
Due within one year	465,000	520,000	985,000	-
Due in more than one year	10,665,000	4,640,000	15,305,000	-
Notes payable:				
Due within one year	181,455	525,533	706,988	24,371
Due in more than one year	818,525	6,654,327	7,472,852	281,696
Total liabilities	15,525,617	13,250,785	28,776,402	396,326
 DEFERRED INFLOWS OF RESOURCES 				
Unavailable miscellaneous revenue	46,704	-	46,704	-
Unavailable property tax revenue	3,939,794	-	3,939,794	384,687
Total deferred inflows of resources	3,986,498	-	3,986,498	384,687
 NET POSITION 				
Net investment in capital assets	15,366,041	23,961,321	39,327,362	607,020
Restricted for:				
General government	8,346	-	8,346	-
Public safety	43,606	-	43,606	-
Highways and streets	391,899	-	391,899	-
Culture and recreation	83,456	-	83,456	1,706
Urban development and housing	720,855	-	720,855	-
Unrestricted	2,191,982	2,700,153	4,892,135	79,758
 Total Net Position	 \$ 18,806,185	 \$ 26,661,474	 \$ 45,467,659	 \$ 688,484

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2014

Program Activities:	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			Component Unit
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Primary Government:							
Governmental activities:							
General government	\$ 5,056,595	\$ 277,767	\$ 12	\$ (4,778,816)	\$ -	\$ (4,778,816)	
Public safety	5,775,294	1,638,139	41,265	(4,095,890)	-	(4,095,890)	
Highways and streets	1,843,591	-	630,975	(1,212,616)	-	(1,212,616)	
Health and welfare	82,022	-	2,000	(80,022)	-	(80,022)	
Culture and recreation	773,908	270,936	38,674	(464,298)	-	(464,298)	
Urban redevelopment and housing	444,606	58,091	46,927	(339,588)	-	(339,588)	
Economic development and assistance	99,670	-	-	(99,670)	-	(99,670)	
Interest expense	375,787	-	-	(375,787)	-	(375,787)	
Total governmental activities	<u>14,451,473</u>	<u>2,244,933</u>	<u>759,853</u>	<u>(11,446,687)</u>	<u>-</u>	<u>(11,446,687)</u>	
Business type activities:							
Water and sewer	5,091,149	5,331,775	-	-	240,626	240,626	
Total primary government	<u>\$ 19,542,622</u>	<u>\$ 7,576,708</u>	<u>\$ 759,853</u>	<u>(11,446,687)</u>	<u>240,626</u>	<u>(11,206,061)</u>	
Component Unit: Library	<u>\$ 479,733</u>	<u>\$ 27,875</u>	<u>\$ 91,442</u>				<u>\$ (360,416)</u>
General Revenues:							
Taxes:							
Property taxes				4,019,023	-	4,019,023	366,156
Illinois income tax				2,085,494	-	2,085,494	-
Municipal retailers' occupation tax				3,123,746	-	3,123,746	-
Utility tax				878,013	-	878,013	-
Use tax				382,398	-	382,398	-
Replacement tax				224,799	-	224,799	19,373
Other taxes				120,137	-	120,137	-
Interest income				41,800	236	42,036	53
Gain (loss) on sale or disposal of assets				9,075	-	9,075	-
Net increase (decrease) in fair value of investments				(4,520)	(86)	(4,606)	-
Miscellaneous				109,143	36,274	145,417	227
Transfers				<u>563,002</u>	<u>(563,002)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers				<u>11,552,110</u>	<u>(526,578)</u>	<u>11,025,532</u>	<u>385,809</u>
Change in net position				<u>105,423</u>	<u>(285,952)</u>	<u>(180,529)</u>	<u>25,393</u>
Net position, beginning of year				18,875,735	27,158,544	46,034,279	663,091
Accounting change				<u>(174,973)</u>	<u>(211,118)</u>	<u>(386,091)</u>	<u>-</u>
Net position, beginning of year, as restated				<u>18,700,762</u>	<u>26,947,426</u>	<u>45,648,188</u>	<u>663,091</u>
Net Position, End of Year				<u>\$ 18,806,185</u>	<u>\$ 26,661,474</u>	<u>\$ 45,467,659</u>	<u>\$ 688,484</u>

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

FUND FINANCIAL STATEMENTS

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2014

	<u>General</u> <u>Fund</u>	Pensions Tax Levy <u>Fund</u>	Debt Service <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>	<u>Component</u> <u>Unit</u> <u>Library</u> <u>Fund</u>
ASSETS						
Cash deposits	\$ 2,475,079	\$ -	\$ 25,028	\$ 104,750	\$ 2,604,857	\$ 144,036
Investments	1,068,615	-	4,958,457	278,955	6,306,027	-
Receivables:						
Property taxes	1,495,909	1,253,009	513,757	677,119	3,939,794	384,687
Other taxes	91,763	-	-	-	91,763	-
Customers	461,882	-	-	3,903	465,785	-
Other	31,211	-	-	831	32,042	-
Interest	6,433	-	1,249	-	7,682	-
Due from other governmental agencies	1,345,648	24,255	-	49,999	1,419,902	3,197
Due from other funds	487,365	-	-	-	487,365	-
Restricted assets:						
Cash deposits	244,000	-	-	1,451	245,451	-
Inventory	<u>2,398</u>	<u>-</u>	<u>-</u>	<u>18,520</u>	<u>20,918</u>	<u>-</u>
 Total Assets	 <u>\$ 7,710,303</u>	 <u>\$ 1,277,264</u>	 <u>\$ 5,498,491</u>	 <u>\$ 1,135,528</u>	 <u>\$ 15,621,586</u>	 <u>\$ 531,920</u>
LIABILITIES						
Accounts payable	\$ 312,350	\$ 24,255	\$ -	\$ 63,629	\$ 400,234	\$ 22,163
Accrued wages	173,366	-	-	10,776	184,142	7,106
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,129</u>	<u>372,129</u>	<u>20,236</u>
Total liabilities	<u>485,716</u>	<u>24,255</u>	<u>-</u>	<u>446,534</u>	<u>956,505</u>	<u>49,505</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable miscellaneous revenue	18,339	-	-	30,987	49,326	-
Unavailable grant revenue	3,136	-	-	-	3,136	-
Unavailable property tax revenue	<u>1,495,909</u>	<u>1,253,009</u>	<u>513,757</u>	<u>677,119</u>	<u>3,939,794</u>	<u>384,687</u>
Total deferred inflows of resources	<u>1,517,384</u>	<u>1,253,009</u>	<u>513,757</u>	<u>708,106</u>	<u>3,992,256</u>	<u>384,687</u>

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2014

	General Fund	Pensions Tax Levy Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	Component Unit Library Fund
FUND BALANCE						
Nonspendable	2,398	-	-	18,520	20,918	-
Restricted for:						
General government	958	-	-	7,388	8,346	-
Public safety	36,335	-	-	7,271	43,606	-
Highways and streets	244,000	-	-	147,899	391,899	-
Culture and recreation	69,454	-	-	14,002	83,456	1,706
Urban development and housing	720,855	-	-	-	720,855	-
Debt service	-	-	4,984,734	-	4,984,734	-
Committed for:						
Culture and recreation	-	-	-	36,138	36,138	-
Assigned for:						
Highways and streets	155,918	-	-	-	155,918	-
Culture and recreation	10,191	-	-	-	10,191	-
Unassigned (deficit)	<u>4,467,094</u>	<u>-</u>	<u>-</u>	<u>(250,330)</u>	<u>4,216,764</u>	<u>96,022</u>
Total fund balance	<u>5,707,203</u>	<u>-</u>	<u>4,984,734</u>	<u>(19,112)</u>	<u>10,672,825</u>	<u>97,728</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 7,710,303</u>	 <u>\$ 1,277,264</u>	 <u>\$ 5,498,491</u>	 <u>\$ 1,135,528</u>	 <u>\$ 15,621,586</u>	 <u>\$ 531,920</u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
April 30, 2014

Total fund balance - total governmental funds		\$ 10,672,825
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current resources and, therefore, are not reported in the governmental funds balance sheet. This is the amount by which capital assets of \$36,798,127 exceeded accumulated depreciation of \$14,217,265.		22,580,862
Certain prepaid expenses reported in the statement of net position are not available as current financial resources and, therefore, are not reported as assets in the governmental funds.		283,915
Certain receivables reported in the statement of net position are not available as current financial resources and, therefore, are not reported as receivables in the governmental funds.		168,793
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(61,374)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:		
Current assets	\$ 147,470	
Current liabilities	<u>(187,013)</u>	(39,543)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Unamortized bond premium	\$ 172,341	
Accrued compensated absences	1,353,956	
Net pension obligation payable	783,794	
Net OPEB obligation	359,222	
Due within one year	646,455	
Due in more than one year	<u>11,483,525</u>	<u>(14,799,293)</u>
Net Position of Governmental Activities		<u>\$ 18,806,185</u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE COMPONENT UNIT BALANCE
SHEET TO THE STATEMENT OF NET POSITION
April 30, 2014

Total fund balance - component unit		\$ 97,728
<p>Amounts reported for the component unit activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not current resources and, therefore, are not reported in the governmental funds balance sheet. This is the amount by which capital assets of \$1,295,280 exceeded accumulated depreciation of \$367,308.</p>		927,972
<p>Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.</p>		
Accrued compensated absences	\$ 18,723	
Net OPEB obligation	5,537	
Due within one year	27,916	
Due in more than one year	293,036	(345,212)
<p>Internal service funds are used by the primary government to charge the costs of various activities internally to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the primary government's statement of net position.</p>		(1,200)
<p>Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.</p>		(409)
<p>Certain prepaid expenses reported in the statement of net position are not available as current financial resources and, therefore, are not reported as assets in the governmental funds.</p>		9,605
Net Position of Component Unit		\$ 688,484

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2014

	General Fund	Pensions Tax Levy Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	Component Unit Library Fund
Revenues:						
Property taxes	\$ 1,392,816	\$ 1,228,162	\$ 539,801	\$ 844,903	\$ 4,005,682	\$ 365,624
Mobile home privilege tax	1,821	1,789	782	978	5,370	532
Replacement income tax	18,798	146,465	-	59,536	224,799	19,373
Tourism tax	50,756	-	-	-	50,756	-
Utility tax	878,013	-	-	-	878,013	-
Fines, parking system fees, and charge for services	289,686	-	-	-	289,686	10,191
Municipal retailers' occupation tax	3,123,746	-	-	-	3,123,746	-
Illinois income tax	2,085,494	-	-	-	2,085,494	-
Use tax	382,398	-	-	-	382,398	-
Ambulance revenue	1,018,857	-	-	-	1,018,857	-
Other governmental agencies	500,459	-	-	630,975	1,131,434	32,298
Rental income	10,339	-	-	-	10,339	1,813
Licenses, permits and fees	323,043	-	-	270,786	593,829	7,413
Interest income	26,600	-	14,978	221	41,799	53
Private donations and contributions	10,924	-	-	33,606	44,530	55,559
Employer and employee contributions	-	-	-	10,960	10,960	-
Net increase (decrease) in fair value of investments	(5,416)	-	-	897	(4,519)	-
Miscellaneous income	<u>71,511</u>	<u>-</u>	<u>-</u>	<u>42,135</u>	<u>113,646</u>	<u>12,270</u>
Total revenues	<u>10,179,845</u>	<u>1,376,416</u>	<u>555,561</u>	<u>1,894,997</u>	<u>14,006,819</u>	<u>505,126</u>
Expenditures:						
General government	2,429,651	1,376,416	-	1,121,036	4,927,103	-
Public safety	6,010,666	-	-	2,274	6,012,940	-
Highways and streets	1,382,208	-	-	506,382	1,888,590	-
Health and welfare	82,022	-	-	-	82,022	-
Culture and recreation	93,755	-	-	534,708	628,463	453,901
Urban development and housing	415,336	-	-	-	415,336	-
Economic development and assistance	-	-	-	93,846	93,846	-
Debt service:						
Principal	192,463	-	415,000	-	607,463	27,196
Interest	21,458	-	355,279	-	376,737	7,305
Issuance costs	<u>-</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>212</u>	<u>-</u>
Total expenditures	<u>10,627,559</u>	<u>1,376,416</u>	<u>770,491</u>	<u>2,258,246</u>	<u>15,032,712</u>	<u>488,402</u>
Excess of revenues over (under) expenditures	<u>(447,714)</u>	<u>-</u>	<u>(214,930)</u>	<u>(363,249)</u>	<u>(1,025,893)</u>	<u>16,724</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2014

	General Fund	Pensions Tax Levy Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	Component Unit Library Fund
Other Financing Sources (Uses):						
Proceeds from sale of capital assets	7,980	-	-	-	7,980	-
Loan proceeds	486,045	-	-	-	486,045	-
Transfers in	335,532	-	130,606	656,000	1,122,138	-
Transfers out	(412,856)	-	-	(156,782)	(569,638)	-
Total other financing sources (uses)	<u>416,701</u>	<u>-</u>	<u>130,606</u>	<u>499,218</u>	<u>1,046,525</u>	<u>-</u>
Net change in fund balances	(31,013)	-	(84,324)	135,969	20,632	16,724
Fund balance, beginning of year	<u>5,738,216</u>	<u>-</u>	<u>5,069,058</u>	<u>(155,081)</u>	<u>10,652,193</u>	<u>81,004</u>
Fund Balance, End of Year	<u>\$ 5,707,203</u>	<u>\$ -</u>	<u>\$ 4,984,734</u>	<u>\$ (19,112)</u>	<u>\$ 10,672,825</u>	<u>\$ 97,728</u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2014

Net change in governmental fund balance	\$	20,632
Amounts reported for the governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		1,515,694
Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.		(1,373,096)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net position. This is the book value of disposals in the current period.		(51,456)
The issuance of long-term debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position.		(486,045)
Including additions to the net pension obligation payable.		(42,488)
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		34,593
Certain prepaid expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		95,339
Bond issuance costs and bond premium are reported as expenditures and income, respectively, in the governmental funds, but these are capitalized and amortized in the statement of activities.		12,482
Certain revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenues in the governmental funds.		(12,048)

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2014

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds.

Increase in accrued compensated absences expense	(136,858)
Increase in net OPEB obligation	(79,951)

Principal paid on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal payments.	607,463
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Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>1,162</u>
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Change in Net Position of Governmental Activities	<u>\$ 105,423</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE COMPONENT UNIT
TO THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2014

Net change in component unit fund balance	\$	16,724
Amounts reported for the component unit activities in the statement of activities are different because:		
Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.		(16,355)
The repayment of principal of long-term debt consumes current financial resources of governmental funds. However, the repayment has no effect on change in net position on the statement of activities.		27,196
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds.		
Increase in accrued compensated absences expense		(3,625)
Increase in net OPEB obligation		(358)
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		32
Internal service funds are used by the primary government to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with the discretely presented component unit.		1,649
Certain prepaid expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		<u>130</u>
Change in Net Position of Component Unit	\$	<u><u>25,393</u></u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
(Includes General, Judgment, and Tourism and Special Events Funds)
For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
General Fund:				
Revenues:				
Property taxes	\$ 925,909	\$ 925,909	\$ 915,257	\$ (10,652)
Mobile home privilege tax	700	700	1,129	429
Replacement income tax	17,000	17,000	18,798	1,798
Tourism tax	48,000	48,000	50,756	2,756
Utility tax	905,000	905,000	878,013	(26,987)
Fines, parking system fees, and charges for services	296,550	296,550	289,686	(6,864)
Municipal retailers' occupation tax	3,091,135	3,091,135	3,123,746	32,611
Illinois income tax	2,083,346	2,083,346	2,085,494	2,148
Use tax	353,776	353,776	382,398	28,622
Ambulance revenue	1,111,500	1,111,500	1,018,857	(92,643)
Other governmental agencies	451,887	451,887	500,459	48,572
Rental income	10,339	10,339	10,339	-
Licenses, permits and fees	314,660	314,660	323,043	8,383
Interest income	40,000	40,000	26,545	(13,455)
Private donations and contributions	380,600	380,600	10,856	(369,744)
Net increase (decrease) in fair value of investments	-	-	(5,416)	(5,416)
Miscellaneous income	<u>17,850</u>	<u>21,950</u>	<u>47,011</u>	<u>25,061</u>
Total revenues	<u>10,048,252</u>	<u>10,052,352</u>	<u>9,676,971</u>	<u>(375,381)</u>
Expenditures:				
General Government:				
Adminstration, board of zoning appeals and planning, police and fire boards, and city manager	395,270	395,270	382,109	13,161
City clerk	93,384	93,384	97,735	(4,351)
Comptroller	127,234	127,234	128,931	(1,697)
City attorney's office	77,200	77,200	116,048	(38,848)
Information services	118,603	118,603	118,036	567
Engineering department	180,047	180,047	179,992	55
Contingencies	100,000	100,000	76,306	23,694
Parks and maintenance department	<u>971,216</u>	<u>971,216</u>	<u>518,855</u>	<u>452,361</u>
	<u>2,062,954</u>	<u>2,062,954</u>	<u>1,618,012</u>	<u>444,942</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
(Includes General, Judgment, and Tourism and Special Events Funds)
For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Public Safety:				
Police protection	2,781,116	2,781,116	2,728,953	52,163
Fire protection	<u>3,355,667</u>	<u>3,355,667</u>	<u>3,281,713</u>	<u>73,954</u>
	<u>6,136,783</u>	<u>6,136,783</u>	<u>6,010,666</u>	<u>126,117</u>
Highways and Streets:				
Street department	1,011,861	1,015,961	1,181,693	(165,732)
City garage	100,480	100,480	104,755	(4,275)
Street lighting	<u>135,000</u>	<u>135,000</u>	<u>95,760</u>	<u>39,240</u>
	<u>1,247,341</u>	<u>1,251,441</u>	<u>1,382,208</u>	<u>(130,767)</u>
Health and Welfare:				
Public service	<u>85,015</u>	<u>85,015</u>	<u>82,022</u>	<u>2,993</u>
Culture and Recreation:				
Tourism	<u>115,772</u>	<u>115,772</u>	<u>93,148</u>	<u>22,624</u>
Urban Redevelopment and Housing:				
Department of commerce and economic development	368,447	368,447	368,409	38
Rehabilitation and community development assistance program	<u>-</u>	<u>-</u>	<u>46,927</u>	<u>(46,927)</u>
	<u>368,447</u>	<u>368,447</u>	<u>415,336</u>	<u>(46,889)</u>
Debt Service:				
Principal	144,819	144,819	192,463	(47,644)
Interest	<u>12,881</u>	<u>12,881</u>	<u>21,458</u>	<u>(8,577)</u>
	<u>157,700</u>	<u>157,700</u>	<u>213,921</u>	<u>(56,221)</u>
Total expenditures	<u>10,174,012</u>	<u>10,178,112</u>	<u>9,815,313</u>	<u>362,799</u>
Excess of revenues over (under) expenditures	<u>(125,760)</u>	<u>(125,760)</u>	<u>(138,342)</u>	<u>(12,582)</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
(Includes General, Judgment, and Tourism and Special Events Funds)
For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	7,980	7,980
Loan proceeds	485,900	485,900	486,045	145
Transfers in	90,000	90,000	156,782	66,782
Transfers out	<u>(464,100)</u>	<u>(464,100)</u>	<u>(520,000)</u>	<u>(55,900)</u>
Total other financing sources (uses)	<u>111,800</u>	<u>111,800</u>	<u>130,807</u>	<u>19,007</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(13,960)</u>	<u>(13,960)</u>	<u>(7,535)</u>	<u>6,425</u>
Judgment Fund:				
Revenues:				
Property taxes	485,394	485,394	477,559	(7,835)
Mobile home privilege tax	700	700	692	(8)
Interest income	200	200	55	(145)
Miscellaneous income	<u>100</u>	<u>100</u>	<u>24,309</u>	<u>24,209</u>
Total revenues	<u>486,394</u>	<u>486,394</u>	<u>502,615</u>	<u>16,221</u>
Expenditures:				
General Government:				
Judgment	<u>754,235</u>	<u>754,235</u>	<u>811,639</u>	<u>(57,404)</u>
Excess of revenues over (under) expenditures	<u>(267,841)</u>	<u>(267,841)</u>	<u>(309,024)</u>	<u>(41,183)</u>
Other Financing Sources (Uses):				
Transfers in	<u>275,000</u>	<u>275,000</u>	<u>285,894</u>	<u>10,894</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>7,159</u>	<u>7,159</u>	<u>(23,130)</u>	<u>(30,289)</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
(Includes General, Judgment, and Tourism and Special Events Funds)
For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Tourism and Special Events Fund:				
Revenues:				
Donations and contributions	300	300	68	(232)
Interest income	50	50	-	(50)
Miscellaneous income	<u>450</u>	<u>450</u>	<u>191</u>	<u>(259)</u>
Total revenues	<u>800</u>	<u>800</u>	<u>259</u>	<u>(541)</u>
Expenditures:				
Culture and Recreation:				
Commodities	700	700	457	243
Contractual services	<u>1,000</u>	<u>1,000</u>	<u>150</u>	<u>850</u>
Total expenditures	<u>1,700</u>	<u>1,700</u>	<u>607</u>	<u>1,093</u>
Excess of revenues over (under) expenditures	<u>(900)</u>	<u>(900)</u>	<u>(348)</u>	<u>552</u>
Total excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (7,701)</u>	<u>\$ (7,701)</u>	(31,013)	<u>\$ (23,312)</u>
Fund balance, beginning of year			<u>5,738,216</u>	
Fund Balance, End of Year			<u>\$ 5,707,203</u>	

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2014

	Water and Sewer Fund	Internal Service Fund
ASSETS		
Current assets:		
Cash deposits	\$ 2,227,923	\$ 120,469
Investments	148,914	-
Receivables:		
Customer	530,257	3,354
Prepaid expenditures	9,107	12,398
Inventory	<u>378,685</u>	<u>-</u>
Total current assets	<u>3,294,886</u>	<u>136,221</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>36,627,421</u>	<u>-</u>
Total noncurrent assets	<u>36,627,421</u>	<u>-</u>
Total assets	<u>39,922,307</u>	<u>136,221</u>
LIABILITIES		
Current liabilities:		
Accounts payable	336,422	32,487
Claims payable	-	48,087
Accrued wages	47,276	-
Accrued interest	49,250	-
Due to other funds	-	95,000
Deferred revenue	-	11,439
Bonds payable	520,000	-
Notes payable	<u>525,533</u>	<u>-</u>
Total current liabilities	<u>1,478,481</u>	<u>187,013</u>
Noncurrent liabilities:		
Unamortized bond premium	122,666	-
Accrued compensated absences	305,104	-
Net OPEB obligation	50,207	-
Bonds payable	4,640,000	-
Notes payable	<u>6,654,327</u>	<u>-</u>
Total noncurrent liabilities	<u>11,772,304</u>	<u>-</u>
Total liabilities	<u>13,250,785</u>	<u>187,013</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2014

	<u>Water and Sewer Fund</u>	<u>Internal Service Fund</u>
NET POSITION		
Net investment in capital assets	23,961,321	-
Unrestricted (deficit)	<u>2,710,201</u>	<u>(50,792)</u>
 Total Net Position (Deficit)	 <u>\$ 26,671,522</u>	 <u>\$ (50,792)</u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF ENTERPRISE FUND NET
POSITION TO THE STATEMENT OF NET POSITION
April 30, 2014

Total enterprise fund net position	\$ 26,671,522
Amounts reported for enterprise activities in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>(10,048)</u>
Net Position of Business Type Activities	<u>\$ 26,661,474</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended April 30, 2014

	Water and Sewer Fund	Internal Service Fund
	<u> </u>	<u> </u>
Operating Revenues:		
Water and sewer utility	\$ 5,322,238	\$ -
Charges for services	-	1,233,313
Other	<u>45,811</u>	<u>3,379</u>
Total operating revenues	<u>5,368,049</u>	<u>1,236,692</u>
Operating Expenses:		
Personnel services	1,846,160	-
Commodities	505,969	-
Contractual services	702,720	277,829
Capital outlay	634,692	-
Depreciation	1,266,548	-
Claims expenses	<u>-</u>	<u>913,479</u>
Total operating expenses	<u>4,956,089</u>	<u>1,191,308</u>
Net operating income (loss)	<u>411,960</u>	<u>45,384</u>
Non-Operating Revenues (Expenses):		
Interest income	236	1
Net increase (decrease) in fair value of investments	(86)	-
Interest expense	(166,830)	-
Amortization	<u>12,124</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(154,556)</u>	<u>1</u>
Net income (loss) before other financing sources (uses)	<u>257,404</u>	<u>45,385</u>
Other Financing Sources (Uses):		
Transfers out	<u>(552,500)</u>	<u>-</u>
Change in net position	<u>(295,096)</u>	<u>45,385</u>
Net position (deficit), beginning of year	27,177,736	(96,177)
Accounting change	<u>(211,118)</u>	<u>-</u>
Net position (deficit), beginning of year, as restated	<u>26,966,618</u>	<u>(96,177)</u>
Net Position (Deficit), End of Year	<u>\$ 26,671,522</u>	<u>\$ (50,792)</u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF ENTERPRISE FUND CHANGE IN NET
POSITION TO THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2014

Net change in net position in enterprise fund	\$ (295,096)
Amounts reported for enterprise activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with business-type activities.	<u>9,144</u>
Change in Net Position of Business-Type Activities	<u>\$ (285,952)</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2014

	Water and Sewer Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 5,381,681	\$ 457,386
Interfund services provided	-	779,306
Payments to suppliers	(1,707,724)	(277,126)
Payments to employees	(1,856,202)	-
Payments to claimants	-	(930,900)
Net cash provided (used) by operating activities	1,817,755	28,666
Cash Flows from Noncapital Financing Activities:		
Transfers in (out)	(552,500)	-
Loans from (to) other funds	-	78,000
Net cash provided (used) by noncapital financing activities	(552,500)	78,000
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(849,300)	-
Proceeds from capital debt	601,331	-
Principal paid on capital debt	(1,004,661)	-
Interest paid on capital debt	(170,756)	-
Net cash provided (used) by financing activities	(1,423,386)	-
Cash Flows from Investing Activities:		
Purchases of investments	(149,000)	-
Interest income	236	1
Net cash provided (used) by investing activities	(148,764)	1
Net increase (decrease) in cash and cash deposits	(306,895)	106,667
Cash and cash deposits, beginning of year	2,534,818	13,802
Cash and Cash Deposits, End of Year	\$ 2,227,923	\$ 120,469

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2014

	<u>Water and Sewer Fund</u>	<u>Internal Service Fund</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 411,960	\$ 45,384
Noncash items included in operating income:		
Depreciation	1,266,548	-
Net (increase) decrease in:		
Customer receivables	13,932	(2,852)
Prepaid expenses	(263)	703
Inventory	188,853	-
Net increase (decrease) in:		
Accounts payable	(65,608)	-
Claims payable	-	(14,569)
Accrued wages	492	-
Deposits held for others	(300)	-
Accrued compensated absences	(10,534)	-
Net OPEB obligation	<u>12,675</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,817,755</u>	<u>\$ 28,666</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
April 30, 2014

	Pension Trust Funds	Agency Funds
ASSETS		
Cash	\$ 581,888	\$ 146,448
Receivables:		
Interest	65,171	-
Due from other funds	24,254	-
Total receivables	89,425	-
Prepaid expenses	3,095	-
Investments, at fair value:		
Federal government obligations	3,648,271	-
Mutual funds	3,703,348	7,105
Common stock	11,132,831	-
Corporate bonds	4,679,117	-
Certificates of deposit	1,576,282	-
Total investments	24,739,849	7,105
Total assets	25,414,257	153,553
LIABILITIES		
Accounts payable	35,688	-
Amount due to affiliate organizations	-	153,553
Total liabilities	35,688	153,553
NET POSITION		
Held in Trust for Pension Benefits	\$ 25,378,569	\$ -

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended April 30, 2014

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 1,376,415
Plan members	344,807
Total contributions	1,721,222
Investment income:	
Net appreciation (depreciation) in fair value of investments	1,052,262
Interest	293,734
Dividends and capital gain distributions	256,162
	1,602,158
Less investment expense	(130,475)
Net investment income	1,471,683
Refund of prior benefits	114,302
Other additions	226
Total additions	3,307,433
Deductions:	
Benefits	2,586,853
Refunds of contributions	20,380
Administration expenses	38,696
Total deductions	2,645,929
Change in net position	661,504
Net position, beginning of year	24,717,065
Net Position, End of Year	\$ 25,378,569

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Charleston, Illinois, conform to accounting principles generally accepted in the United States of America as applicable to governments.

The following is a summary of the more significant policies:

- a) **Financial Reporting Entity** - The City is governed by a mayor and four commissioners elected at large. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City, as distinct from legal relationships.

The following organization is a discretely presented component unit of the City:

Library Fund - The City Commissioners appoint the Carnegie Public Library Board and approve the tax levy for the Library Fund. In addition, the payroll of the Library is included with the City's payroll in reporting to various federal and state agencies. A report may be obtained by writing to Carnegie Public Library, 712 6th Street, Charleston, Illinois 61920.

- b) **Basis of Presentation** - The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, capital projects and internal service funds are classified as governmental activities while the City's enterprise funds are classified as business type activities. The City's fiduciary funds are not incorporated into the government-wide statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government.

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. 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 or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Fund Financial Statements:

Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The following fund types are used by the City:

Governmental Funds:

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources, use and balances of financial resources).

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted or committed to expenditures for specified purposes. The purpose and substantial restricted resources for each major special revenue fund are listed below:

Pensions Tax Levy Fund is used to account for the annual property tax levy of the pension trust funds.

Debt Service Fund is used to account for the accumulation of resources and the payment of general long-term debt not financed by a specific source.

Proprietary Funds:

Proprietary Funds are those funds through which the accounting objectives are determinations of operating income, change in net position, financial position, and changes in cash flows. These funds are accounted for using the economic resources measurement focus which is similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises---where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has one major enterprise fund as follows:

Water and Sewer Fund is used to account for the operations of the City's utility garage, utility department, water treatment plant, and waste water treatment plant.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Internal Service Funds:

Internal service funds are used to finance and account for services and commodities provided by designated departments or agencies of the City. The following internal service fund is used by the City:

Self-Health Insurance Fund is used to account for the premiums and medical claims of all covered City employees and their dependents and Library employees.

Fiduciary Funds:

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's fiduciary funds include pension trust and agency funds.

Pension Trust Funds are used to account for the accumulation of resources needed to pay pension costs when due. Resources are member contributions at rates fixed by state statutes and City contributions in the form of an annual property tax levy. The City has two pension trust funds for the Police Pension Fund and the Firefighters' Pension Fund. The measurement focus and basis of accounting of the pension trust funds is similar to proprietary funds.

Agency Funds are used to account for the assets and liabilities of agencies affiliated with the Playground and Recreation Fund. Agency funds are purely custodial in nature and do not involve measurement of results of operations.

- c) Measurement Focus and Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus is used to describe which transactions are recorded within the various financial statements.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. All assets and liabilities, including capital assets and long-term liabilities, are included. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position and cash flows.

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Under 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 to be used to pay current liabilities. The City uses the following collection periods for determining availability of revenues: within 60 days for property taxes, 365 days for ambulance revenue, and 120 days for all other revenue sources. Expenditures generally are recorded when a liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due and payable.

The proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. This is the same measurement focus and basis of accounting used on the government-wide financial statements.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- d) Budgets and Budgetary Accounting - The City follows these procedures in establishing the budgetary data reflected in the financial statements:
1. A proposed operating budget is submitted to the city council for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them. The City does not prepare a budget for the Pensions Tax Levy Fund.
 2. Public meetings are conducted to obtain taxpayer comments.
 3. The tax levy ordinance is adopted and filed with the county clerk on or before the last Tuesday in December.
 4. Formal budgetary integration is employed as a management control device during the year for all funds.
 5. The budgets for the governmental funds are adopted substantially on a modified accrual basis of accounting which is consistent with U.S. generally accepted accounting principles (GAAP). All budget comparisons presented in this report are on a GAAP budgetary basis and are compared with actual revenues and expenditures at April 30, 2014. The budget was amended April 15, 2014.
 6. Unused appropriations for all of the annually budgeted funds lapse at the end of each year.
- e) Cash and Cash Equivalents - For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Schedule of Non Cash Investing and Financing Activities:

Purchases of capital assets	\$ 200,524
Less: down payment	<u> -</u>
Amount Financed	<u>\$ 200,524</u>

- f) Investments - Investments, including those reported in pension trust funds, are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note B.
- g) Inventory - Inventory held by the City's governmental and proprietary fund types is priced at cost (first-in, first-out) which approximates market.
- h) Capital Assets and Depreciation - Capital assets, which includes property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their fair market value on the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed. The City had no capitalized interest for the year ended April 30, 2014. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The City reports all major general infrastructure assets constructed or acquired in fiscal years ending after April 30, 1980, or that received major renovations, restorations, or improvements during that period.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The City has defined the following initial individual cost thresholds for when an asset should be capitalized and depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Cost</u>
Land	N/A	\$ 5,000
Buildings, bridges, storm sewers, and water mains	50	50,000
Traffic signals	25	50,000
Streets, curb, gutter and other infrastructure	20	50,000
Sidewalks, bike paths	15	50,000
Swimming pool	25	-
Machinery, equipment, computer equipment and hardware, vehicles	10	5,000
Computer software	3	10,000
Police vehicles	2	5,000

- i) **Deferred Outflows and Inflows of Resources** – The City reports a decrease in net position/fund balance that applies to a future period as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds balance sheet. The City had no deferred outflows of resources in the current year.

The City reports an increase in net position/fund balance that applies to a future period as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds balance sheet. The City will not recognize the related revenues until a future event occurs. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available. Accordingly, unavailable miscellaneous revenue, unavailable grant revenue, and unavailable property taxes are reported in the government-wide statement of net position and the governmental funds balance sheet. The City had no deferred inflows of resources that affect the proprietary fund financial statement in the current year.

- j) **Interfund Activity** - Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables, as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as “internal balances.” Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Operating transfers between funds during the year ended April 30, 2014 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 335,532	\$ 412,856
Debt Service Fund	130,606	-
Other governmental funds	<u>656,000</u>	<u>156,782</u>
Total Governmental Activities	<u>\$ 1,122,138</u>	<u>\$ 569,638</u>
Business-Type Activities:		
Water and Sewer Fund	<u>\$ -</u>	<u>\$ 552,500</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The purposes of interfund transfers are as follows:

The General Fund transferred \$36,000 to the Playground and Recreation Fund to supplement their tax levy, \$246,250 to the Employee Benefits Fund for benefit costs in excess of the property tax levy and \$130,606 to the Debt Service Fund for principal and interest payments on the Pool bonded debt. The Motor Fuel Tax Fund transferred \$156,782 to the General Fund for reimbursement of street expenses.

The Water and Sewer Fund transferred \$178,750 to the General Fund for a portion of the commercial insurance costs, and \$373,750 to the Employee Benefits Fund for benefit costs in excess of the property tax levy.

On the government-wide financial statements only, there were additional transfers related to capital assets as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities	\$ 10,502	\$ -
Business-type activities	<u>-</u>	<u>10,502</u>
	<u>\$ 10,502</u>	<u>\$ 10,502</u>
	<u>Due From</u>	<u>Due To</u>
	<u>Other Funds</u>	<u>Other Funds</u>
Governmental Activities:		
General Fund	\$ 487,365	\$ -
Other governmental funds	<u>-</u>	<u>372,129</u>
Total Governmental Activities	<u>\$ 487,365</u>	<u>\$ 372,129</u>
Business-Type Activities:		
Internal Service Fund	<u>\$ -</u>	<u>\$ 95,000</u>
Component Unit:		
Carnegie Public Library	<u>\$ -</u>	<u>\$ 20,236</u>

The purposes of interfund receivables and payables are as follows:

The General Fund has loaned \$20,236 to the Carnegie Public Library for operating expenses from the pooled cash account, \$113,254 to the Motor Fuel Tax Fund for operating expenses from the pooled cash account, \$95,000 to the Self-Health Insurance Fund for operating expenses, and \$258,875 to the Tax Increment Financing Fund for TIF grants. All loans are expected to be repaid within one year, except the Tax Increment Financing Fund which requires annual payments with a final maturity date of April 30, 2021. The internal service fund net assets have been charged to various activities resulting in a loan of \$10,049 to the Water and Sewer Fund and \$1,200 to the Carnegie Public Library from the Self-Health Insurance Fund.

- k) Property Taxes - Property taxes are deferred in the fiscal year for which they are levied and are recorded as revenue in the fiscal year in which they are received. Taxes levied and uncollected are carried as an asset of the appropriate fund.

The City's property tax calendar is as follows:

1. Property is assessed on January 1 each year.
2. The tax levy ordinance was adopted and filed with the county clerk on December 17, 2013.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. Property taxes are due to be collected by the County from July through September in two installments in the year following the levy year.

- l) **Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and proprietary fund financial statements. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund payables and accrued liabilities are reported as obligations of the funds once incurred and is expected to be paid in a timely manner and in full from current financial resources. Bonds, capital leases and long-term notes that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. The face amount of debt issued is reported as other financing sources. Bond premiums received on debt issuances are reported as other financing sources while bond discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- m) **Compensated Absences** - The City permits employees to accumulate unpaid vacation, sick pay and other employee benefit amounts. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, these accumulations which are payable from available financial resources are recorded as a liability in the fund financial statements. These accumulations which will not be liquidated with expendable available financial resources are recorded as long-term liabilities in the government-wide financial statements only.
- n) **Operating Revenues and Expenses** - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with proprietary funds' principal operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.
- o) **Net Position** – Net position on the government-wide and proprietary fund financial statements is divided into three components:
1. **Net investment in capital assets** - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
 2. **Restricted** - consists of net position that is restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by both federal and state grantors and by other contributors.
 3. **Unrestricted** - all other net position is reported in this category.
- p) **Fund Balance** – The following classifications describe the constraints placed on the purposes for which resources can be used:
1. **Nonspendable fund balance** – consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
 2. **Restricted fund balance** – consists of amounts that are subject to outside restrictions, such as those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. Committed fund balance – consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (the City Council). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.
4. Assigned fund balance – consists of amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. The intent can be expressed by the City Council or by an official or body which the Council delegates authority.
5. Unassigned fund balance - consists of amounts available for any purpose and positive amounts are reported only in the General Fund.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

- q) Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- r) Recently Issued and Adopted Accounting Pronouncements – In 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement redefines certain financial elements previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement changes the method of reporting debt issuance costs. Prior to GASB Statement No. 65, debt issuance costs were capitalized and amortized over the life of the related debt. Under GASB Statement No. 65, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt. See Note M for the restatement of previously reported net position.

In 2014, the City implemented GASB Statement No. 66, *Technical Corrections-2012-an Amendment of GASB Statements No. 10 and No. 62*, which resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The adoption of this statement does not have any impact on the City’s financial statements.

NOTE B - CASH DEPOSITS AND INVESTMENTS

The City maintains a cash pool that is available for use by all funds, except for the Firefighters’ Pension Fund and Police Pension Fund. Each fund type's portion of this pool is displayed on the combined balance sheet as cash deposits. In addition, cash deposits and investments are separately held by several of the City's funds. The City is allowed to invest in securities as authorized by 30ILCS 235/2 and 235/6.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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

	Fair Value	Weighted Average Maturity
Governmental Activities:		
Certificates of Deposit	\$ 1,048,441	3.40
Illinois Metropolitan Investment Fund	299,128	n/a
U.S. Government and Primary Obligation Agencies	4,958,457	0.42
Total Investments	\$ 6,306,026	
Business-Type Activities:		
Certificates of Deposit	\$ 148,914	0.70
Fiduciary Pension Trust Funds:		
Firefighters' Pension Fund:		
U.S. Government and Primary Obligation Agencies	\$ 940,447	
U.S. Government Implied Obligation Agencies	1,387,724	
Subtotal, U.S. Government and its Agencies	2,328,171	13.01
Mutual Funds	2,041,055	n/a
Common Stock	6,067,249	n/a
Corporate Bonds	2,914,810	6.51
Total Investments	\$ 13,351,285	
Police Pension Fund:		
U.S. Government and Primary Obligation Agencies	\$ 888,110	
U.S. Government Implied Obligation Agencies	431,990	
Subtotal, U.S. Government and its Agencies	1,320,100	12.80
Mutual Funds	1,662,293	n/a
Common Stock	5,065,582	n/a
Corporate Bonds	1,764,307	6.92
Certificates of Deposit	1,576,282	3.19
Total Investments	\$ 11,388,564	
Agency Funds:		
Illinois Metropolitan Investment Fund	\$ 7,105	n/a

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. For investments in all funds except fiduciary funds, the City minimizes its exposure to interest rate risk structuring investments to mature to meet cash requirements thereby avoiding the need to sell securities prior to maturity. At April 30, 2014, the City's investments consisted of negotiable certificates of deposit, the Illinois Metropolitan Investment Fund, and State and Local Government Series (SLUG) Treasury securities.

In accordance with the Firefighters' and Police Pension Funds investment policies, the Pension Funds investment portfolios will remain sufficiently liquid to enable the pension fund to pay all necessary benefits and meet all operating requirements which might be reasonably anticipated.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit quality ratings for obligations of the U.S. government or guaranteed by the U.S. government are not required to be disclosed. The City's negotiable certificates of deposit are not subject to credit risk rating.

At April 30, 2014, the City's investments were rated as follows by Standard and Poors:

Governmental Activities:

Illinois Metropolitan Investment Fund	AAf
Northern Institutional Funds Government Select	AAAm

The Firefighters' and Police Pension Funds investment policy states that the Pension Funds investment in contracts and agreements of Life Insurance Companies licensed to do business in the State of Illinois shall be rated at least A+ by A.M. Best Company, Aa rated by Moodys, and AA+ rated by Standard and Poors rating services. Notwithstanding, the portfolio of the general account of the Insurance Company shall not invest more than 10% of the portfolio in real estate and/or more than 10% of the portfolio in bonds with ratings of less than Baa1 by Moodys or BBB+ by Standard and Poors. Credit quality ratings for obligations of the U.S. government or guaranteed by the U.S. government are not required to be disclosed.

Concentration of Credit Risk:

The City's investment policy does not place limitations on the amount that can be invested in any one issuer. The City's cash and negotiable certificates of deposit are not subject to credit risk rating.

It is the policy of the Firefighters' and Police Pension Funds to invest in a manner that seeks to ensure the preservation of capital. The Pension Funds are to consciously diversify the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio.

The Firefighters' Pension Fund has adopted an asset allocation policy as follows:

	<u>Min</u>	<u>Target</u>	<u>Max</u>
Cash	2%	2%	5%
Fixed Income	43%	43%	68%
Lg/Mid. Cap Domestic Equities	26%	42%	45%
Sm. Cap Domestic Equities	2%	5%	7%
International Equities	2%	5%	7%
Real Estate	0%	3%	5%

The Police Pension Funds has adopted an asset allocation policy as follows:

	<u>Min</u>	<u>Target</u>	<u>Max</u>
Cash	2%	2%	5%
Fixed Income	38%	43%	75%
Lg/Mid. Cap Domestic Equities	18%	42%	81%
Sm. Cap Domestic Equities	2%	5%	7%
International Equities	0%	5%	7%
Real Estate	0%	3%	5%

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk for Deposits:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits in federally insured banks and savings and loans are insured up to \$250,000 for demand deposits and \$250,000 for time deposits. The City's policy requires that all deposits with financial institutions in excess of any insurance limit will be secured by the institution pledging securities with a third party institution in fair value amounts at least to cover uninsured amounts. As of April 30, 2014, of the City's total bank balances, \$1,343,012 was secured by federal depository insurance and \$3,743,207 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

Deposits for the Firefighters' and Police Pension Funds are insured in an amount equal to \$250,000 for the fund plus an amount for each member's beneficial interest in the deposits, limited to an amount equal to \$250,000 divided by the largest beneficial interest percentage of a member. As of April 30, 2014, all cash deposits were adequately insured.

Custodial Credit Risk for Investments:

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no custodial credit risk in that all of its investments are insured.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of deposits or investments. None of the City's deposits or investments are directly subject to foreign currency risk.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Balance May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2014</u>
Primary Government:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 817,656	\$ 37,197	\$ -	\$ 854,853
Construction in progress	<u>253,516</u>	<u>624,922</u>	<u>(878,438)</u>	<u>-</u>
Capital assets being depreciated:				
Building and improvements	12,938,675	161,026	-	13,099,701
Accumulated depreciation	<u>(2,291,671)</u>	<u>(260,804)</u>	<u>-</u>	<u>(2,552,475)</u>
Building and improvements, net	<u>10,647,004</u>	<u>(99,778)</u>	<u>-</u>	<u>10,547,226</u>
Vehicles, machinery and equipment	6,711,059	914,896	(247,954)	7,378,001
Accumulated depreciation	<u>(4,980,412)</u>	<u>(498,562)</u>	<u>196,498</u>	<u>(5,282,476)</u>
Vehicles, machinery and equipment, net	<u>1,730,647</u>	<u>416,334</u>	<u>(51,456)</u>	<u>2,095,525</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	Balance May 1, 2013	Additions	Deletions	Balance April 30, 2014
Infrastructure	14,809,479	656,093	-	15,465,572
Accumulated depreciation	<u>(5,768,584)</u>	<u>(613,730)</u>	-	<u>(6,382,314)</u>
Infrastructure, net	<u>9,040,895</u>	<u>42,363</u>	-	<u>9,083,258</u>
Total, Governmental Activities, Net Capital Assets	<u>\$ 22,489,718</u>	<u>\$ 1,021,038</u>	<u>\$ (929,894)</u>	<u>\$ 22,580,862</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	<u>\$ 1,040,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040,839</u>
Construction in progress	<u>51,727</u>	<u>653,608</u>	<u>(562,115)</u>	<u>143,220</u>
Capital assets being depreciated:				
Building and improvements	14,603,762	444,870	-	15,048,632
Accumulated depreciation	<u>(3,486,572)</u>	<u>(296,187)</u>	-	<u>(3,782,759)</u>
Building and improvements, net	<u>11,117,190</u>	<u>148,683</u>	-	<u>11,265,873</u>
Vehicles, machinery and equipment	3,903,657	372,435	-	4,276,092
Accumulated depreciation	<u>(2,857,364)</u>	<u>(206,608)</u>	-	<u>(3,063,972)</u>
Vehicles, machinery and equipment, net	<u>1,046,293</u>	<u>165,827</u>	-	<u>1,212,120</u>
Infrastructure	37,827,012	141,027	-	37,968,039
Accumulated depreciation	<u>(14,238,917)</u>	<u>(763,753)</u>	-	<u>(15,002,670)</u>
Infrastructure, net	<u>23,588,095</u>	<u>(622,726)</u>	-	<u>22,965,369</u>
Total, Business-Type Activities, Net Capital Assets	<u>\$ 36,844,144</u>	<u>\$ 345,392</u>	<u>\$ (562,115)</u>	<u>\$ 36,627,421</u>
Component Units:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	<u>\$ 395,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,957</u>
Capital assets being depreciated:				
Building and improvements	804,497	-	-	804,497
Accumulated depreciation	<u>(274,408)</u>	<u>(14,480)</u>	-	<u>(288,888)</u>
Building and improvements, net	<u>530,089</u>	<u>(14,480)</u>	-	<u>515,609</u>
Vehicles, machinery and equipment	94,826	-	-	94,826
Accumulated depreciation	<u>(76,545)</u>	<u>(1,875)</u>	-	<u>(78,420)</u>
Vehicles, machinery and equipment, net	<u>18,281</u>	<u>(1,875)</u>	-	<u>16,406</u>
Total, Governmental Activities, Net Capital Assets	<u>\$ 944,327</u>	<u>\$ (16,355)</u>	<u>\$ -</u>	<u>\$ 927,972</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 269,764
Public safety	369,989
Highways and streets	533,561
Culture and recreation	144,231
Urban development and housing	49,727
Economic development and assistance	<u>5,824</u>
 Total Depreciation Expense, Governmental Activities	 <u>\$1,373,096</u>
 Business-Type Activities	 <u>\$1,266,548</u>
 Component Unit - Library	 <u>\$ 16,355</u>

The City has the following construction in progress at April 30, 2014:

<u>Project</u>	<u>Expenses</u>	<u>Estimated Cost</u>	<u>Estimated Completion</u>
Reynolds Drive	<u>\$ 143,220</u>	<u>\$ 305,000</u>	Aug. 2014

NOTE D - DEFINED BENEFIT PENSION PLANS

a) 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 City's 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. That report may be obtained on-line at www.imrf.org.

Funding Policy:

As set by statute, the City's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 14.98 percent. The employer annual required contribution rate for calendar year 2014 was 14.10 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost:

For the fiscal year ending April 30, 2014, the City's required contribution was \$555,740.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
04/30/14	\$ 557,601	100%	\$ 93,497
04/30/13	540,086	100%	91,636
04/30/12	541,530	97%	89,717

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City's regular 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 regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress:

As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 74.58 percent funded. The actuarial accrued liability for benefits was \$12,734,300 and the actuarial value of assets was \$9,497,489, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,236,811. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$3,727,839 and the ratio of the UAAL to the covered payroll was 87 percent.

The schedule of funding progress, presented as required supplementary information (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.

b) Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel

Plan Description:

The City's defined benefit pension plan for SLEP employees provides retirement and disability benefits, post retirement increases and death benefits to plan members and beneficiaries. The City's 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. That report may be obtained on-line at www.imrf.org.

Funding Policy:

As set by statute, the City's SLEP plan members are required to contribute 7.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 13.77 percent of annual covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Annual Pension Cost:

For fiscal year ending April 30, 2014, the City's required contribution was \$0.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
04/30/14	\$ -	100%	\$ -
04/30/13	-	100%	-
04/30/12	-	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City's SLEP 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 SLEP plan's overfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress:

As of December 31, 2013, the most recent actuarial valuation date, the SLEP plan was 249 percent funded. The actuarial accrued liability for benefits was \$17,787 and the actuarial value of assets was \$44,289, resulting in an overfunded actuarial accrued liability (UAAL) of \$26,502. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$0. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

The schedule of funding progress, presented as required supplementary information (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.

c) Firefighters' Pension Trust Fund

Plan Description:

The City's Firefighters' Pension Trust Fund (the "Fund") is a single-employer defined benefit pension plan established by Illinois State Statutes and administered by the City and the Board of Trustees of the Fund. The Fund provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. All eligible City fire and ambulance personnel are participants in the Fund.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

At April 30, 2013 participation was:

Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	43
Terminated plan members entitled to but not yet receiving benefits	1
Current plan members:	
Vested	13
Non-vested	<u>19</u>
Total	<u><u>76</u></u>

Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75% of such monthly salary. Employees with at least 10 years, but less than 20 years, of credited service may retire at or after age 60 and receive a reduced benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty or otherwise the greater of 54% of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the amount of the pension payable at the time of the increase.

For employees hired after January 1, 2011, the annual retirement benefit is 2.5% of final average salary for each year of service up to 30 years, to a maximum of 75% of such salary, the normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service and early retirement factor is 6% per year; the employee's accrued benefit is based on the employee's final 8-year average salary not to exceed \$106,800 (as indexed); cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; surviving spouse's benefits are 66 2/3% of the employee's benefit at the time of death.

Funding Policy:

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City's contributions are provided from property tax levies in amounts which when added to the participant contributions are designed to be sufficient to (1) meet actual actuarial requirements of the plan, and (2) provide amortization of the excess (if any) of 90% of the unfunded accrued liability as a level percentage of payroll over a 30 year period which commenced in 2011 (prior to 2011, the amortization of the unfunded actuarial liability as a level percentage of payroll over a 40 year period which commenced in 1993).

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Annual Pension Cost and Net Pension Obligation:

The City's annual pension cost and net pension obligation applicable to the Firefighters' Pension Plan at April 30, 2014 is as follows:

Annual required contribution	\$ 732,750
Interest on net pension obligation	17,533
Adjustment to annual required contribution	<u>(10,837)</u>
Annual pension cost	739,446
Contribution made	<u>714,860</u>
Increase (decrease) in net pension obligation	24,586
Net pension obligation, beginning of year	<u>237,633</u>
 Net Pension Obligation, End of Year	 <u>\$ 262,219</u>

The annual required contribution was determined as part of the May 1, 2014 actuarial valuation using the projected unit credit cost method (for years beginning before 2011, the entry age normal cost funding method was used). Significant actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases due to inflation of 4.5% a year compounded annually, (c) projected salary increases due to promotion of 1% per year compounded annually, and (d) 3% per year post-retirement benefit increase. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at the May 1, 2014 actuarial valuation date was 27 years.

Historical trend information designed to provide information about the progress made in accumulating sufficient assets to pay benefits due is presented on page 72.

THREE-YEAR TREND INFORMATION

<u>April 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2014	\$ 739,446	96.2%	\$ 262,219
2013	711,011	110.8%	237,633
2012	809,031	99.7%	314,531

At April 30, 2014, the City had \$13,533,634 reserved for firefighters' pension benefits.

Funding Status and Funding Progress:

As of May 1, 2013, the most recent actuarial valuation date, the Firefighters' Pension Plan was 54.5 percent funded. The actuarial accrued liability for benefits was \$24,247,367 and the actuarial value of assets was \$13,214,151, resulting in an underfunded actuarial accrued liability (UAAL) of \$11,033,216. The covered payroll of active employees covered by the plan was \$1,861,605 and the ratio of the UAAL to the covered payroll was 592.7 percent.

The schedule of funding progress, presented as required supplementary information (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.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

d) Police Pension Trust Fund

Plan Description:

The City's Police Pension Trust Fund (the "Fund") is a single-employer defined benefit pension plan established by state statute and administered by the City and the Board of Trustees of the Fund. The Fund provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. All eligible City police officers are participants in the Fund. At April 30, 2013, participation included:

Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	26
Terminated plan members entitled to but not yet receiving benefits	0
Current plan members:	
Vested	16
Non-vested	<u>15</u>
 Total	 <u>57</u>

Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final salary for each year of service up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years, but less than 20 years, of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service. Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the originally granted pension. Beginning with increases granted on July 1, 1993, the second and subsequent automatic increases shall be calculated as 3% of the amount of the pension payable at the time of the increase.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service; early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6% per year; the employee's accrued benefit is based on the employee's final 8-year average salary not to exceed \$106,800 (as indexed); cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; surviving spouse's benefits are 66 2/3% of the employee's benefit at the time of death.

Funding Policy:

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City's contributions are provided from property tax levies in amounts which when added to the participant contributions are designed to be sufficient to (1) meet actual actuarial requirements of the plan and (2) provide amortization of the excess (if any) of 90% of the unfunded accrued liability as a level percentage of payroll over a 30 year period which commenced in 2011 (prior to 2011, the amortization of the unfunded actuarial liability as a level percentage of payroll over a 40 year period which commenced in 1993).

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Annual Pension Cost and Net Pension Obligation:

The City's annual pension cost and net pension obligation applicable to the Police Pension Plan at April 30, 2014 is as follows:

Annual required contribution	\$ 664,239
Interest on net pension obligation	31,297
Adjustment to annual required contribution	<u>(19,345)</u>
Annual pension cost	676,191
Contributions made	<u>660,150</u>
Increase (decrease) in net pension obligation	16,041
Net pension obligation, beginning of year	<u>412,037</u>
 Net Pension Obligation, End of Year	 <u>\$ 428,078</u>

The annual required contribution was determined as part of the May 1, 2014 actuarial valuation using the projected unit credit cost method (for years beginning before 2011, the entry age normal cost funding method was used). Significant actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases due to inflation of 4.5% per year compounded annually, (c) projected salary increases due to promotion of 1.0% per year compounded annually, and (d) 3.0% per year post-retirement benefit increase. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at the May 1, 2014 actuarial valuation date was 27 years.

Historical trend information designed to provide information about the progress made in accumulating sufficient assets to pay benefits due is presented on page 72. Three-year trend information is as follows:

THREE-YEAR TREND INFORMATION

April 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 676,191	98.4%	\$ 428,078
2013	672,036	110.1%	412,037
2012	752,177	93.1%	479,671

At April 30, 2014, the City had \$11,844,935 reserved for police pension benefits.

Funding Status and Funding Progress:

As of May 1, 2013, the most recent actuarial valuation date, the Police Pension Plan was 52.8 percent funded. The actuarial accrued liability for benefits was \$21,786,772 and the actuarial value of assets was \$11,502,914, resulting in an underfunded actuarial accrued liability (UAAL) of \$10,283,858. The covered payroll of active employees covered by the plan was \$1,772,626 and the ratio of the UAAL to the covered payroll was 580.1 percent.

The schedule of funding progress, presented as required supplementary information (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.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE E - DEFERRED COMPENSATION AND OTHER RETIREMENT PLANS

- a) The City maintains for its employees a deferred compensation plan under provisions of Internal Revenue Code Section 457. The plan, available to all full-time employees, allows participants to defer a portion of their salary until future years. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The City has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for this plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the City's creditors. Accordingly, these plan assets are not reported as a part of these financial statements.
- b) The City participates in a Section 401 qualified plan. The City has agreed to provide additional compensation to the City Manager through the Illinois City Managers Association Retirement Fund. The City's agreement states it will make mandatory contributions to the Illinois City Managers Association Retirement Fund in an amount equal to 7.5% of the employee's salary.

NOTE F - LONG-TERM LIABILITIES

- a) The following is a summary of the City's long-term liabilities as of April 30, 2014, and transactions for the year then ended:

	Balance May 1, 2013	Additions	Retired	Balance April 30, 2014	Amount Due Within One Year
Governmental Activities:					
Notes payable	\$ 706,397	\$ 486,045	\$ 192,462	\$ 999,980	\$ 181,455
2005 General Obligation Bonds	5,555,000	-	305,000	5,250,000	330,000
2011B GO Refunding Bonds	845,000	-	110,000	735,000	115,000
2012 GO Refunding Bonds	5,145,000	-	-	5,145,000	20,000
Compensated absences	<u>1,217,099</u>	<u>136,857</u>	<u>-</u>	<u>1,353,956</u>	<u>-</u>
Total Governmental Activities, Long-Term Liabilities	<u>\$ 13,468,496</u>	<u>\$ 622,902</u>	<u>\$ 607,462</u>	<u>\$ 13,483,936</u>	<u>\$ 646,455</u>
Business-Type Activities:					
Notes payable	\$ 6,872,666	\$ 801,855	\$ 494,662	\$ 7,179,859	\$ 525,533
2011A Alternative Revenue Bonds	5,670,000	-	510,000	5,160,000	520,000
Compensated absences	<u>315,638</u>	<u>-</u>	<u>10,534</u>	<u>305,104</u>	<u>-</u>
Total Business-Type Activities, Long-Term Liabilities	<u>\$ 12,858,304</u>	<u>\$ 801,855</u>	<u>\$ 1,015,196</u>	<u>\$ 12,644,963</u>	<u>\$ 1,045,533</u>
Component Unit:					
Notes payable	\$ 329,933	\$ -	\$ 23,866	\$ 306,067	\$ 24,371
Capital lease payable	18,215	-	3,330	14,885	3,545
Compensated absences	<u>15,098</u>	<u>3,625</u>	<u>-</u>	<u>18,723</u>	<u>-</u>
Total Component Unit	<u>\$ 363,246</u>	<u>\$ 3,625</u>	<u>\$ 27,196</u>	<u>\$ 339,675</u>	<u>\$ 27,916</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

b) Governmental Activities:

First Mid-Illinois Bank and Trust, dated June 13, 2012, due December 23, 2018, monthly payments of \$4,040.75 including interest at 2.95%, secured by equipment.	\$ 210,447
Illinois Finance Authority, dated December 8, 2004, due November 1, 2019, yearly payments of \$16,666.67 with no interest, secured by equipment.	100,000
First Federal Savings and Loan, dated October 16, 2012, due October 16, 2017, monthly payments of \$2,130.28 including interest at 1.75%, secured by equipment.	86,677
First Mid-Illinois Bank and Trust, dated January 15, 2013, due January 15, 2018, monthly payments of \$2,684.73 including interest at 1.73%, secured by equipment.	116,836
Prairie State Bank & Trust, dated May 23, 2013, due May 23, 2020, monthly payments of \$7,060.31 including interest at 1.92%, secured by equipment.	<u>486,020</u>
Total Notes Payable of Governmental Activities	<u>\$ 999,980</u>

\$7,000,000 general obligations bonds, series 2005. Bond proceeds were for the library expansion and renovation. First Mid-Illinois Bank & Trust is bond registrar and paying agent. Bonds are dated June 1, 2005, with final payment due April 1, 2025. Principal payments are due annually on October 1 and interest payments, varying from 2.9% to 5.0%, are due semiannually on October 1 and April 1. Bonds issued in 2012 are intended for refunding this issue. This old debt remains a primary obligation of the City until the crossover date of October 1, 2014.

\$ 5,250,000

\$950,000 general obligation refunding bonds, series 2011B. Bond proceeds were issued to refund the general obligation bonds, series 2004 which were originally for pool renovation. BNY Mellon Trust Company is bond registrar and paying agent. Bonds are dated October 1, 2011, with final payment due December 15, 2019. Principal payments are due annually on December 15 and interest payments, varying from 2.00% to 3.00%, are due semiannually on June 15 and December 15. The bonds were issued with a premium of \$20,979 which will be amortized over the life of the bonds. The economic gain, calculated on a present value basis, amounted to \$74,543. City pays debt service expenditures from general revenues and abates associated property tax levies.

735,000

\$5,145,000 general obligation refunding bonds, series 2012. Bond proceeds were issued to refund the general obligation bonds, series 2005 which were originally for the library renovation. BNY Mellon Trust Company is bond registrar and paying agent. Bonds are dated May 30, 2012, with final payment due December 15, 2024. Principal payments are due annually on

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

December 15 and interest payments, varying from 0.80% to 2.50%, are due semiannually on June 15 and December 15. The economic gain, calculated on a present value basis, amounted to \$481,195.

5,145,000
\$ 11,130,000

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2014, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 646,455	\$ 358,416	\$ 1,004,871
2016	1,086,832	339,790	1,426,622
2017	1,136,056	315,476	1,451,532
2018	1,164,388	288,757	1,453,145
2019	1,181,974	259,455	1,441,429
2020-2024	5,644,275	778,562	6,422,837
2025	<u>1,270,000</u>	<u>40,000</u>	<u>1,310,000</u>
	<u>\$12,129,980</u>	<u>\$ 2,380,456</u>	<u>\$ 14,510,436</u>

c) Business-Type Activities:

State of Illinois, dated May 20, 1995, due December 1, 2015, semi-annual payments of \$29,578.85 including interest at 2.8150%, unsecured.

\$ 114,266

Prairie State Bank & Trust, dated July 21, 2009, due July 21, 2014, monthly payments of \$381.06 including interest at 3%, secured by equipment.

1,116

State of Illinois, dated October 9, 2009, due March 8, 2031, semi-annual payments of \$164,520.83 with no interest, unsecured.

5,593,708

First Mid-Illinois Bank and Trust, dated July 12, 2011, due August 1, 2016, monthly payments of \$520.68 including interest at 2.72%, secured by software.

13,597

First Mid-Illinois Bank and Trust, dated September 23, 2011, due October 1, 2016, monthly payments of \$3,844.54 including interest at 2.72%, secured by equipment.

107,604

First Mid-Illinois Bank and Trust, dated April 4, 2012, due August 4, 2021, monthly payments of \$18,034.46, interest only until May 4, 2016, including interest at 2.64%, secured by equipment.

1,012,651

First Federal Savings and Loan, dated August 8, 2012, due August 8, 2017, monthly payments of \$4,366.65 including interest at 1.50%, secured by equipment.

165,927

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Prairie State Bank & Trust, dated May 23, 2013, due May 23, 2018, monthly payments of \$1,218.92 including interest at 1.695%, secured by equipment.	57,653
First Mid-Illinois Bank and Trust, dated August 13, 2013, due August 13, 2018, monthly payments of \$1,502.92 including interest at 1.88%, secured by equipment.	73,399
Prairie State Bank & Trust, dated September 4, 2013, due September 4, 2018, monthly payments of \$370.53 including interest at 1.69%, secured by equipment.	18,550
First Mid-Illinois Bank and Trust, dated November 22, 2013, due November 22, 2018, monthly payments of \$405.89 including interest at 1.84%, secured by equipment.	<u>21,388</u>
Total Notes Payable of Business-Type Activities	<u>\$ 7,179,859</u>

\$6,140,000 general obligation waterworks and sewerage refunding bonds (alternative revenue source), series 2011A. Bond proceeds were issued to refund the general obligation waterworks and sewerage bonds (alternative revenue source), series 2003 which were originally for water treatment plant upgrade.

BNY Midwest Trust Company is bond registrar and paying agent. Bonds are dated October 1, 2011, with final payment due December 15, 2022. Principal payments are due annually on December 15 and interest payments, varying from 2.00% to 3.00%, are due semiannually on June 15 and December 15.

The bonds were issued with a premium of \$21,409 which will be amortized over the life of the bonds. The economic gain, calculated on a present value basis, amounted to \$497,326.

City pays debt service expenditures from water and sewer revenues and abates the associated property tax levies.

\$ 5,160,000

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2014, are as follows:

Year Ending April 30	Principal	Interest	Total
2015	\$ 1,045,533	\$ 132,347	\$ 1,177,880
2016	1,058,841	117,495	1,176,336
2017	1,169,121	127,354	1,296,475
2018	1,135,411	110,012	1,245,423
2019	1,111,306	93,049	1,204,355
2020-2024	4,516,356	189,504	4,705,860
2025-2028	1,645,208	-	1,645,208
2029-2031	<u>658,083</u>	<u>-</u>	<u>658,083</u>
	<u>\$ 12,339,859</u>	<u>\$ 769,761</u>	<u>\$ 13,109,620</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

d) Component Unit:

First Mid-Illinois Bank and Trust, dated February 5, 2010, refinanced February 5, 2013, monthly payments of \$2,510 including interest at 1.95%, balloon payment due February 5, 2016, secured by real estate and co-signed by City of Charleston.	\$ 306,067
Watts Copy Systems, Inc. dated January 24, 2013, due December 24, 2018, monthly payments of \$365 including interest at 6.287%, secured by equipment.	<u>14,885</u>
Total Long-Term Debt of Component Unit	<u>\$ 320,952</u>

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2014, are as follows:

Year Ending April 30	Principal	Interest	Total
2015	\$ 27,916	\$ 6,585	\$ 34,501
2016	285,470	5,033	290,503
2017	4,019	361	4,380
2018	<u>3,547</u>	<u>103</u>	<u>3,650</u>
	<u>\$ 320,952</u>	<u>\$ 12,082</u>	<u>\$ 333,034</u>

NOTE G - ECONOMIC DEPENDENCY

Sixteen percent or \$834,926 of Water and Sewer Fund revenues were derived from sales to one customer, Eastern Illinois University.

NOTE H - DEFICIT FUND BALANCES

The following funds had deficit fund balances as of April 30, 2014:

Tax Increment Financing Fund	\$ 250,330
Internal Service Fund	50,792

NOTE I - RISK MANAGEMENT AND SELF INSURANCE

The City is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the City purchases commercial insurance.

Beginning January 1, 2009, the City maintains an internal service fund for its self-insured employees' health insurance claims. Each participating fund makes payments to the self-insurance fund for amounts which are determined based on historical claims experience. Such payments are displayed on the fund financial statements as revenues and expenditures/expenses.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

For medical claims, self-insurance is in effect up to a stop loss of \$50,000 per covered person through December 31, 2011. Beginning January 1, 2012, self-insurance is in effect up to a stop loss of \$60,000 per covered person. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. An independent claims administrator performs all claim handling procedures.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The change in the aggregate liability for claims for the year ended April 30, 2014 is as follows:

Claims payable, beginning of the year	\$ 76,527
Claims incurred and changes in accrual	913,479
Claims payments	<u>(909,432)</u>
 Claims Payable, End of the Year	 <u>\$ 80,574</u>

NOTE J - OTHER POST-EMPLOYMENT BENEFITS

Plan Description:

In addition to providing the pension benefits described, the City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

Benefits Provided:

The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include: general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary. Retirees have the ability to purchase life insurance coverage equal to half of the employee coverage (currently \$20,000) as a part of the group plan.

Membership:

At April 30, 2014, membership consisted of:

Retirees and beneficiaries of employees currently receiving benefits	19
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	78
Active nonvested plan members	<u>61</u>
 Total	 <u>158</u>
 Participating employers	 1

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Funding Policy:

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the blended premium to the plan and the City contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay as you go). For the fiscal year ended April 30, 2014, retirees contributed \$135,987, the City contributed \$121,660. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation:

The City had an actuarial valuation performed for the plan as of April 30, 2009 to determine the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2011. The City had an actuarial valuation performed for the plan as of April 30, 2012 to determine the employer's annual required contribution (ARC) for the fiscal years ended April 30, 2014, 2013, and 2012. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2014 was as follows:

<u>April 30</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 214,644	\$ 121,660	56.7%	\$ 414,966
2013	214,029	121,660	56.8%	321,982
2012	123,279	66,136	53.6%	229,613

The net OPEB obligation (NOPEBO) as of April 30, 2014 (latest information available), was calculated as follows:

Annual required contribution	\$ 212,498
Interest on net OPEB obligation	12,879
Adjustment to annual required contribution	<u>(10,733)</u>
Annual OPEB cost	214,644
Contribution made	<u>121,660</u>
Increase (decrease) in net OPEB obligation	92,984
Net OPEB obligation, beginning of year	<u>321,982</u>
 Net OPEB Obligation, End of Year	 <u><u>\$ 414,966</u></u>

Funded Status and Funding Progress:

The funded status of the plan as of April 30, 2014 was as follows:

Actuarial accrued liability (AAL)	\$ 3,970,463
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	3,970,463
Funded ratio (actuarial value of plan assets/AAL)	0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the April 30, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.00% initially, reduced by decrements to an ultimate rate of 6.00%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014, was 28 years.

NOTE K - LITIGATION

The City is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable.

NOTE L - EXPENDITURES EXCEED APPROPRIATIONS

Expenditures exceeded appropriations in the following funds:

	<u>Expenditures</u>	<u>Appropriations</u>
Judgment Fund	\$ 811,639	\$ 754,235
Playground and Recreation Fund	534,708	532,447

NOTE M - ACCOUNTING CHANGE

In 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this accounting policy requires retroactive application by restating financial statements for all periods presented. As a result, the City has restated beginning net position as of May 1, 2013 to remove debt issuance costs which were previously reported as assets and subject to amortization. Under GASB Statement No. 65, debt issuance costs are to be expensed when incurred. The beginning net positions were restated as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Net position, beginning of year	\$ 18,875,735	\$ 27,158,544
Accounting change	<u>(174,973)</u>	<u>(211,118)</u>
Net Position, Beginning of Year, as Restated	<u>\$ 18,700,762</u>	<u>\$ 26,947,426</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS
 April 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Illinois Municipal Retirement Fund:						
12/31/2013	\$ 9,497,789	\$ 12,734,300	\$ 3,236,811	74.58%	\$ 3,727,839	86.83%
12/31/2012	8,544,962	12,480,766	3,935,804	68.47%	3,700,512	106.36%
12/31/2011	7,242,366	11,796,254	4,553,888	61.40%	3,815,231	119.36%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$11,944,043. On a market basis, the funded ratio would be 93.79%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the City of Charleston. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Illinois Municipal Retirement Fund - SLEP:						
12/31/2013	\$ 44,289	\$ 17,787	\$ (26,502)	249.00%	\$ -	0.00%
12/31/2012	40,008	16,972	(23,036)	235.73%	-	0.00%
12/31/2011	37,053	16,021	(21,032)	231.28%	-	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$48,993. On a market basis, the funded ratio would be 275.44%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the City of Charleston. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Firefighters' Pension Fund:						
4/30/2013	\$ 13,214,151	\$ 24,247,367	\$11,033,216	54.50%	\$ 1,861,605	592.70%
4/30/2012	12,462,119	22,038,762	9,576,643	56.50%	1,721,457	556.30%
4/30/2011	12,463,387	21,287,394	8,824,007	58.50%	1,753,789	503.10%

Police Pension Fund:						
4/30/2013	\$ 11,502,914	\$ 21,786,772	\$10,283,858	52.80%	\$ 1,772,626	580.10%
4/30/2012	10,580,791	20,460,002	9,879,211	51.70%	1,724,222	573.00%
4/30/2011	10,423,609	19,973,077	9,549,468	52.20%	1,756,393	543.70%

Other Post-Employment Benefits Plan:						
4/30/2014	\$ -	\$ 3,970,463	\$ 3,970,463	0.00%	\$ -	0.00%
4/30/2013	-	3,970,463	3,970,463	0.00%	-	0.00%
4/30/2012	-	3,970,463	3,970,463	0.00%	-	0.00%

COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENTS

CITY OF CHARLESTON, ILLINOIS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 April 30, 2014

	Employee Benefits Fund	Motor Fuel Tax Fund	Drug Traffic Prevention Fund	Tax Increment Financing Fund	Recreational Land Fund	Playground and Recreation Fund	Total Non-Major Governmental Funds
ASSETS							
Cash deposits	\$ 11,087	\$ 704	\$ 5,820	\$ 8,545	\$ -	\$ 78,594	\$ 104,750
Investments	-	264,953	-	-	14,002	-	278,955
Receivables:							
Property taxes	503,847	-	-	-	-	173,272	677,119
Other	-	-	-	-	-	4,734	4,734
Due from other governmental agencies	9,740	40,259	-	-	-	-	49,999
Restricted assets:							
Cash deposits	-	-	1,451	-	-	-	1,451
Inventory	-	18,520	-	-	-	-	18,520
Total Assets	\$ 524,674	\$ 324,436	\$ 7,271	\$ 8,545	\$ 14,002	\$ 256,600	\$ 1,135,528
LIABILITIES							
Accounts payable	\$ 11,752	\$ 44,046	\$ -	\$ -	\$ -	\$ 7,831	\$ 63,629
Accrued wages	1,687	717	-	-	-	8,372	10,776
Due to other funds	-	113,254	-	258,875	-	-	372,129
Total liabilities	13,439	158,017	-	258,875	-	16,203	446,534
DEFERRED INFLOWS OF RESOURCES							
Unavailable miscellaneous revenue	-	-	-	-	-	30,987	30,987
Unavailable property tax revenue	503,847	-	-	-	-	173,272	677,119
Total deferred inflows of resources	503,847	-	-	-	-	204,259	708,106
FUND BALANCE							
Nonspendable	-	18,520	-	-	-	-	18,520
Restricted for:							
General government	7,388	-	-	-	-	-	7,388
Public safety	-	-	7,271	-	-	-	7,271
Highways and streets	-	147,899	-	-	-	-	147,899
Culture and recreation	-	-	-	-	14,002	-	14,002
Committed for:							
Culture and recreation	-	-	-	-	-	36,138	36,138
Unassigned (deficit)	-	-	-	(250,330)	-	-	(250,330)
Total fund balance (deficit)	7,388	166,419	7,271	(250,330)	14,002	36,138	(19,112)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 524,674	\$ 324,436	\$ 7,271	\$ 8,545	\$ 14,002	\$ 256,600	\$ 1,135,528

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended April 30, 2014

	Employee Benefits Fund	Motor Fuel Tax Fund	Drug Traffic Prevention Fund	Tax Increment Financing Fund	Recreational Land Fund	Playground and Recreation Fund	Total Non-Major Governmental Funds
Revenues:							
Property taxes	\$ 509,733	\$ -	\$ -	\$ 170,398	\$ -	\$ 164,772	\$ 844,903
Mobile home privilege tax	739	-	-	-	-	239	978
Replacement income tax	59,536	-	-	-	-	-	59,536
Other governmental agencies	-	630,975	-	-	-	-	630,975
Licenses, permits and fees	-	-	-	-	-	270,786	270,786
Interest income	59	-	-	20	-	142	221
Private donations and contributions	-	-	-	-	-	33,606	33,606
Employer and employee contributions	10,960	-	-	-	-	-	10,960
Net increase (decrease) in fair value of investments	-	858	-	-	39	-	897
Miscellaneous income	586	1,878	4,530	7,501	-	27,640	42,135
Total revenues	<u>581,613</u>	<u>633,711</u>	<u>4,530</u>	<u>177,919</u>	<u>39</u>	<u>497,185</u>	<u>1,894,997</u>
Expenditures:							
General government	1,121,036	-	-	-	-	-	1,121,036
Public safety	-	-	2,274	-	-	-	2,274
Highways and streets	-	506,382	-	-	-	-	506,382
Culture and recreation	-	-	-	-	-	534,708	534,708
Economic development and assistance	-	-	-	93,846	-	-	93,846
Total expenditures	<u>1,121,036</u>	<u>506,382</u>	<u>2,274</u>	<u>93,846</u>	<u>-</u>	<u>534,708</u>	<u>2,258,246</u>
Excess of revenues over (under) expenditures	<u>(539,423)</u>	<u>127,329</u>	<u>2,256</u>	<u>84,073</u>	<u>39</u>	<u>(37,523)</u>	<u>(363,249)</u>
Other Financing Sources (Uses):							
Transfers in	620,000	-	-	-	-	36,000	656,000
Transfers out	-	(156,782)	-	-	-	-	(156,782)
Total other financing sources (uses)	<u>620,000</u>	<u>(156,782)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,000</u>	<u>499,218</u>
Net change in fund balances	80,577	(29,453)	2,256	84,073	39	(1,523)	135,969
Fund balance (deficit), beginning of year	<u>(73,189)</u>	<u>195,872</u>	<u>5,015</u>	<u>(334,403)</u>	<u>13,963</u>	<u>37,661</u>	<u>(155,081)</u>
Fund Balance (Deficit), End of Year	<u>\$ 7,388</u>	<u>\$ 166,419</u>	<u>\$ 7,271</u>	<u>\$ (250,330)</u>	<u>\$ 14,002</u>	<u>\$ 36,138</u>	<u>\$ (19,112)</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
EMPLOYEE BENEFITS FUND
For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 517,949	\$ 517,949	\$ 509,733	\$ (8,216)
Mobile home taxes	700	700	739	39
Replacement income tax	53,065	53,065	59,536	6,471
Employer contributions:				
Group medical insurance	10,380	10,380	10,960	580
Interest income	100	100	59	(41)
Miscellaneous income	-	-	586	586
Total revenues	<u>582,194</u>	<u>582,194</u>	<u>581,613</u>	<u>(581)</u>
Expenditures:				
General Government:				
Human Resources:				
Personnel services	57,000	57,000	55,102	1,898
Commodities	500	500	417	83
Contractual services	42,629	42,629	40,962	1,667
Capital outlay	<u>29,225</u>	<u>29,225</u>	<u>25,024</u>	<u>4,201</u>
	<u>129,354</u>	<u>129,354</u>	<u>121,505</u>	<u>7,849</u>
Employee Benefits:				
Personnel services	<u>1,032,177</u>	<u>1,032,177</u>	<u>999,531</u>	<u>32,646</u>
Total expenditures	<u>1,161,531</u>	<u>1,161,531</u>	<u>1,121,036</u>	<u>40,495</u>
Excess of revenues over (under) expenditures	<u>(579,337)</u>	<u>(579,337)</u>	<u>(539,423)</u>	<u>39,914</u>
Other Financing Sources (Uses):				
Transfers in	<u>575,000</u>	<u>575,000</u>	<u>620,000</u>	<u>45,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (4,337)</u>	<u>\$ (4,337)</u>	80,577	<u>\$ 84,914</u>
Fund balance (deficit), beginning of year			<u>(73,189)</u>	
Fund Balance, End of Year			<u>\$ 7,388</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
MOTOR FUEL TAX FUND
For the Year Ended April 30, 2014

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Revenues:				
Motor fuel tax allotments	\$ 605,036	\$ 605,036	\$ 630,975	\$ 25,939
State grants	102,000	102,000	-	(102,000)
Interest income	500	500	-	(500)
Contingencies	-	-	1,878	1,878
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>858</u>	<u>858</u>
Total revenues	<u>707,536</u>	<u>707,536</u>	<u>633,711</u>	<u>(73,825)</u>
Expenditures:				
Highways and Streets:				
Personnel services	26,352	26,352	26,600	(248)
Commodities	209,000	209,000	174,936	34,064
Contractual services	91,000	91,000	50,057	40,943
Capital outlay	<u>355,000</u>	<u>355,000</u>	<u>254,789</u>	<u>100,211</u>
Total expenditures	<u>681,352</u>	<u>681,352</u>	<u>506,382</u>	<u>174,970</u>
Excess of revenues over (under) expenditures	<u>26,184</u>	<u>26,184</u>	<u>127,329</u>	<u>101,145</u>
Other Financing Sources (Uses):				
Transfers out	<u>(90,000)</u>	<u>(90,000)</u>	<u>(156,782)</u>	<u>(66,782)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (63,816)</u>	<u>\$ (63,816)</u>	<u>(29,453)</u>	<u>\$ 34,363</u>
Fund balance, beginning of year			<u>195,872</u>	
Fund Balance, End of Year			<u>\$ 166,419</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
DRUG TRAFFIC PREVENTION FUND
For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Offender payments	\$ 2,700	\$ 4,200	\$ 4,530	\$ 330
Expenditures:				
Public Safety:				
Commodities	-	1,500	1,274	226
Contractual services	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total expenditures	<u>1,000</u>	<u>2,500</u>	<u>2,274</u>	<u>226</u>
Excess of revenues over (under) expenditures	<u>\$ 1,700</u>	<u>\$ 1,700</u>	2,256	<u>\$ 556</u>
Fund balance, beginning of year			<u>5,015</u>	
Fund Balance, End of Year			<u>\$ 7,271</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
TAX INCREMENT FINANCING FUND
For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 166,500	\$ 166,500	\$ 170,398	\$ 3,898
Interest income	50	50	20	(30)
Miscellaneous income	<u>-</u>	<u>-</u>	<u>7,501</u>	<u>7,501</u>
Total revenues	<u>166,550</u>	<u>166,550</u>	<u>177,919</u>	<u>11,369</u>
Expenditures:				
Economic Development and Assistance:				
Contractual services:				
Audit and accounting services	700	700	700	-
Other consulting services	<u>375</u>	<u>375</u>	<u>650</u>	<u>(275)</u>
	<u>1,075</u>	<u>1,075</u>	<u>1,350</u>	<u>(275)</u>
Capital outlay:				
Rebate to taxing bodies	33,300	33,300	34,080	(780)
TIF grants	85,850	85,850	53,579	32,271
TIF public improvements	<u>-</u>	<u>-</u>	<u>4,837</u>	<u>(4,837)</u>
	<u>119,150</u>	<u>119,150</u>	<u>92,496</u>	<u>26,654</u>
Total economic development and assistance	<u>120,225</u>	<u>120,225</u>	<u>93,846</u>	<u>26,379</u>
Debt Service:				
Interest	<u>3,200</u>	<u>3,200</u>	<u>-</u>	<u>3,200</u>
Total expenditures	<u>123,425</u>	<u>123,425</u>	<u>93,846</u>	<u>29,579</u>
Excess of revenues over (under) expenditures	<u>\$ 43,125</u>	<u>\$ 43,125</u>	84,073	<u>\$ 40,948</u>
Fund balance, beginning of year			<u>(334,403)</u>	
Fund Balance, End of Year			<u>\$ (250,330)</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
RECREATIONAL LAND FUND
For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Interest income	\$ 9	\$ 9	\$ -	\$ (9)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>39</u>	<u>39</u>
Total revenues	<u>9</u>	<u>9</u>	<u>39</u>	<u>30</u>
Expenditures:				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>\$ 9</u>	<u>\$ 9</u>	39	<u>\$ 30</u>
Fund balance, beginning of year			<u>13,963</u>	
Fund Balance, End of Year			<u>\$ 14,002</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
PLAYGROUND AND RECREATION FUND
For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 167,411	\$ 167,411	\$ 164,772	\$ (2,639)
Mobile home taxes	-	-	239	239
Rentals	5,100	5,100	4,405	(695)
Recreation programs fees	173,981	173,981	190,813	16,832
Concessions	2,500	2,500	2,413	(87)
Brochure advertising	1,600	1,600	1,410	(190)
Interest income	150	150	142	(8)
Private donations and contributions	24,500	24,500	25,351	851
Program sponsors	15,000	15,000	8,255	(6,745)
Swimming pool	105,177	105,177	71,745	-
Miscellaneous income	<u>2,500</u>	<u>2,500</u>	<u>27,640</u>	<u>25,140</u>
Total revenues	<u>497,919</u>	<u>497,919</u>	<u>497,185</u>	<u>(734)</u>
Expenditures:				
Culture and Recreation:				
Recreation programs	352,977	352,977	370,344	(17,367)
Swimming pool	<u>179,470</u>	<u>179,470</u>	<u>164,364</u>	<u>15,106</u>
Total expenditures	<u>532,447</u>	<u>532,447</u>	<u>534,708</u>	<u>(2,261)</u>
Excess of revenues over (under) expenditures	<u>(34,528)</u>	<u>(34,528)</u>	<u>(37,523)</u>	<u>(2,995)</u>
Other Financing Sources (Uses):				
Transfers in	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 1,472</u>	<u>\$ 1,472</u>	(1,523)	<u>\$ (2,995)</u>
Fund balance, beginning of year			<u>37,661</u>	
Fund Balance, End of Year			<u>\$ 36,138</u>	

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF NET POSITION
 NON-MAJOR PENSION TRUST FUNDS

April 30, 2014

	<u>Firefighters' Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total Non-Major Pension Trust Funds</u>
ASSETS			
Cash	\$ 160,022	\$ 421,866	\$ 581,888
Receivables:			
Interest	27,355	37,816	65,171
Due from other funds	<u>12,718</u>	<u>11,536</u>	<u>24,254</u>
Total receivables	<u>40,073</u>	<u>49,352</u>	<u>89,425</u>
Prepaid expenses	<u>1,512</u>	<u>1,583</u>	<u>3,095</u>
Investments, at fair value:			
Federal government obligations	2,328,171	1,320,100	3,648,271
Mutual funds	2,041,055	1,662,293	3,703,348
Common stock	6,067,249	5,065,582	11,132,831
Corporate bonds	2,914,810	1,764,307	4,679,117
Certificates of deposit	<u>-</u>	<u>1,576,282</u>	<u>1,576,282</u>
Total investments	<u>13,351,285</u>	<u>11,388,564</u>	<u>24,739,849</u>
Total assets	<u>13,552,892</u>	<u>11,861,365</u>	<u>25,414,257</u>
LIABILITIES			
Accounts payable	<u>19,258</u>	<u>16,430</u>	<u>35,688</u>
NET POSITION			
Held in Trust for Pension Benefits	<u>\$ 13,533,634</u>	<u>\$ 11,844,935</u>	<u>\$ 25,378,569</u>

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN
 NET POSITION - NON-MAJOR PENSION TRUST FUNDS
 For the Year Ended April 30, 2014

	<u>Firefighters' Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total Non-Major Pension Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 711,004	\$ 665,411	\$ 1,376,415
Plan members	<u>162,636</u>	<u>182,171</u>	<u>344,807</u>
Total contributions	<u>873,640</u>	<u>847,582</u>	<u>1,721,222</u>
Investment Income:			
Net appreciation (depreciation) in fair value of investments	585,064	467,198	1,052,262
Interest	152,512	141,222	293,734
Dividends and capital gain distributions	<u>138,586</u>	<u>117,576</u>	<u>256,162</u>
	876,162	725,996	1,602,158
Less investment expense	<u>(67,396)</u>	<u>(63,079)</u>	<u>(130,475)</u>
Net investment income	<u>808,766</u>	<u>662,917</u>	<u>1,471,683</u>
Refund of prior benefits	114,302	-	114,302
Other additions	<u>125</u>	<u>101</u>	<u>226</u>
Total additions	<u>1,796,833</u>	<u>1,510,600</u>	<u>3,307,433</u>
Deductions:			
Benefits	1,459,629	1,127,224	2,586,853
Refunds of contributions	-	20,380	20,380
Administration expenses	<u>17,721</u>	<u>20,975</u>	<u>38,696</u>
Total deductions	<u>1,477,350</u>	<u>1,168,579</u>	<u>2,645,929</u>
Change in net position	319,483	342,021	661,504
Net position, beginning of year	<u>13,214,151</u>	<u>11,502,914</u>	<u>24,717,065</u>
Net Position, End of Year	<u>\$ 13,533,634</u>	<u>\$ 11,844,935</u>	<u>\$ 25,378,569</u>

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS
 AND LIABILITIES - PLAYGROUND AND RECREATION AFFILIATE FUNDS
 For the Year Ended April 30, 2014

	Balance 4/30/2013	Receipts	Disbursements	Balance 4/30/2014
ASSETS				
Cash	\$ 173,068	\$ 269,992	\$ 296,609	\$ 146,450
Investments	7,085	20	-	7,105
Total Assets	\$ 180,153	\$ 270,010	\$ 296,609	\$ 153,553
LIABILITIES				
Amounts due to affiliate organizations:				
Girl's softball	\$ 10,056	\$ 8,965	\$ 6,796	\$ 12,225
Boy's baseball	18,914	42,120	45,595	15,439
Boy's baseball payroll	10,104	13,500	13,595	10,009
Penguins swim club	6,794	11,231	6,632	11,393
5th quarter	2,333	2	299	2,036
Wrestling club	3,444	1,428	3,356	1,516
Dog activity club	12,159	3,440	1,476	14,123
Boy's baseball concessions	8,468	26,328	29,248	5,548
Community band memorial fund	2,907	5,658	1,275	7,290
Charleston windrunners club	679	1	500	180
Officials payroll account	1,367	6,888	6,612	1,643
Weightlifting club	5,639	5,879	6,477	5,041
Team knock out volleyball	3,757	22,684	18,880	7,561
Junior football league	25,806	51,928	57,888	19,846
Red, white & blue days	55,520	23,207	50,274	28,453
Christmas in the heart of Charleston	703	4,613	4,036	1,280
Tree commission	1,121	2	-	1,123
Charleston youth soccer program	10,382	42,136	43,670	8,848
Total Amount Due to Affiliate Organizations	\$ 180,153	\$ 270,010	\$ 296,609	\$ 153,553

ADDITIONAL INFORMATION

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF OPERATING REVENUES AND EXPENSES
OF THE WASTE WATER TREATMENT PLANT
For the Year Ended April 30, 2014

Operating Revenues:	
Sewer service charges	\$ 2,661,119
Sewer permits	4,206
Sewer dump fee	6,490
Miscellaneous	<u>12,565</u>
	<u>2,684,380</u>
Operating Expenses:	
Information technology	909
City garage	32,524
Utility department	736,829
Waste water treatment plant	699,407
Accounting	246,001
Depreciation	<u>633,274</u>
	<u>2,348,943</u>
Net Operating Income	<u>\$ 335,437</u>

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF OPERATING REVENUES AND EXPENSES
OF THE WATER TREATMENT PLANT
For the Year Ended April 30, 2014

Operating Revenues:	
Water service charges	\$ 2,661,119
Water permits	4,206
Miscellaneous	<u>12,565</u>
	<u>2,677,890</u>
Operating Expenses:	
Information technology	909
City garage	32,524
Utility department	736,829
Water treatment plant	933,483
Accounting	246,001
Depreciation	<u>633,274</u>
	<u>2,583,019</u>
Net Operating Income	<u>\$ 94,871</u>

CITY OF CHARLESTON, ILLINOIS
WATER AND SEWER FUND
WATER BILLS, WATER PUMPED AND WATER SALES

	No. of Bills Rendered Customers Year Ended April 30		Raw Water Pumped For Processing (1,000 Gallons) Year Ended April 30		Treated Water Pumped to City (1,000 Gallons) Year Ended April 30		Water Sales Billed to Customers (1,000 Gallons) Year Ended April 30		1,000 Gallons Received at the Wastewater Plant Year Ended April 30	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
May	7,096	7,088	42,335	48,202	37,691	44,165	32,577	36,420	138,100	87,300
June	7,122	7,187	39,556	49,226	36,193	45,550	36,121	37,618	130,100	52,000
July	7,113	7,143	42,696	57,252	38,235	52,913	30,478	40,876	116,700	45,100
August	7,592	7,630	51,643	55,757	46,351	49,878	36,447	41,555	72,300	57,200
September	7,038	7,177	51,662	50,127	46,714	44,653	39,179	42,461	52,700	90,900
October	7,008	7,029	47,977	50,094	43,229	44,647	38,235	38,621	58,400	96,300
November	7,060	7,104	41,661	44,414	37,447	39,767	35,226	37,040	60,200	79,000
December	6,982	6,993	41,221	42,216	37,122	37,524	30,425	33,011	63,600	114,500
January	6,977	7,099	49,476	46,655	44,566	42,167	29,938	30,765	82,900	120,300
February	6,954	7,006	44,446	42,514	39,989	38,529	33,622	35,828	96,400	138,900
March	6,944	7,044	43,249	43,802	39,290	39,298	31,390	31,970	95,400	142,300
April	6,939	7,072	44,007	45,864	40,310	41,350	34,867	34,958	125,000	148,200
	<u>84,825</u>	<u>85,572</u>	<u>539,929</u>	<u>576,123</u>	<u>487,137</u>	<u>520,441</u>	<u>408,505</u>	<u>441,123</u>	<u>1,091,800</u>	<u>1,172,000</u>

This unaudited schedule was prepared from information supplied by Water Utility personnel from available records.

CITY OF CHARLESTON, ILLINOIS
 WATER AND SEWER FUND
 COMBINED WATER AND SEWERAGE SERVICE RATES - MONTHLY
 April 30, 2014

Rates Effective				
After 5-1-13	After 6-1-12	5-1-11 to 5-31-12	5-1-10 to 4-30-11	5-1-09 to 4-30-10

WATER AND SEWER SERVICE - IN CORPORATE LIMITS
 (Excluding Eastern Illinois University)

First	1,000 gallons	\$ 12.36		\$ 12.06		\$ 11.65		\$ 11.14		\$ 10.65
Next	9,000 gallons	12.36 Per M		12.06 Per M		11.65 Per M		11.14 Per M		10.65 Per M
Over	10,000 gallons	11.89 " "		11.60 " "		11.21 " "		10.72 " "		10.25 " "

WATER SERVICE ONLY - IN CORPORATE LIMITS

First	1,000 gallons	\$ 11.19		\$ 10.92		\$ 10.55		\$ 10.10		\$ 9.66
Next	9,000 gallons	11.19 Per M		10.92 Per M		10.55 Per M		10.10 Per M		9.66 Per M
Over	10,000 gallons	10.29 " "		10.04 " "		9.70 " "		9.28 " "		8.87 " "

WATER SERVICE ONLY - OUTSIDE

First	1,000 gallons	\$ 13.32		\$ 13.32		\$ 13.32		\$ 13.32		\$ 13.32
Next	9,000 gallons	13.32 Per M		13.32 Per M						
Over	10,000 gallons	12.24 " "		12.24 " "		12.24 " "		12.24 " "		12.24 " "

WATER AND SEWER SERVICE - EASTERN ILLINOIS UNIVERSITY

Effective 5-1-09	10.25 " "
Effective 5-1-10	10.72 " "
Effective 5-1-11	11.21 " "
Effective 6-1-12	11.60 " "
Effective 5-1-13	11.89 " "

Rates effective 5-1-09 by ordinance 09-O-33
 Rates effective 5-1-10 by ordinance 10-O-12
 Rates effective 5-1-11 by ordinance 11-O-10
 Rates effective 6-1-12 by ordinance 12-O-6
 Rates effective 5-1-13 by ordinance 13-O-5

Services outside the corporate limits are established as double the amount of rates inside the corporate limits. A late charge fee of 10% shall be assessed against all delinquent water and/or sewer bills. Bills are delinquent if not paid 15 days after billing date. Water service shall be discontinued for any customer whose bill is 10 days past due.

CITY OF CHARLESTON, ILLINOIS
LEGAL DEBT MARGIN
April 30, 2014

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assessed Valuation	<u>\$ 186,977,180</u>	<u>\$ 186,668,104</u>	<u>\$ 186,020,763</u>
Statutory debt limitation (8.625% of assessed valuation)	<u>\$ 16,126,782</u>	<u>\$ 16,100,124</u>	<u>\$ 16,044,291</u>
Total Debt:			
General obligation debt:			
Bonds	16,290,000	17,215,000	12,930,000
Less: Refunded bonds	(4,920,000)	(4,920,000)	-
Notes payable	<u>8,500,792</u>	<u>7,927,211</u>	<u>7,301,744</u>
	<u>19,870,792</u>	<u>20,222,211</u>	<u>20,231,744</u>
Less bonds exempt from debt limitation computation	<u>(5,160,000)</u>	<u>(5,670,000)</u>	<u>(6,140,000)</u>
	<u>14,710,792</u>	<u>14,552,211</u>	<u>14,091,744</u>
Legal Debt Margin	<u>\$ 1,415,990</u>	<u>\$ 1,547,913</u>	<u>\$ 1,952,547</u>

CITY OF CHARLESTON, ILLINOIS
 ASSESSED VALUATION, TAX RATES, TAXES EXTENDED AND COLLECTED

	Tax Levy Year		
	2013	2012	2011
Assessed Valuation	<u>\$ 186,977,180</u>	<u>\$ 186,668,104</u>	<u>\$ 186,020,763</u>
Tax Rates:			
General corporate	0.21196	0.14605	0.02636
IMRF	0.15405	0.16325	0.15709
Fire protection	0.09399	0.10346	0.09773
Firemen's pension	0.35162	0.34507	0.38631
Police protection	0.08356	0.06632	0.05177
Police pension	0.31852	0.32361	0.35808
Library	0.20574	0.19895	0.18857
Judgment	0.23498	0.25995	0.26737
Street lighting	0.04882	0.04952	0.04913
Playground and recreation	0.09267	0.08966	0.08504
Emergency services	0.00053	0.00059	0.00056
Social security	0.11489	0.11362	0.11075
Ambulance service	0.04440	0.05041	0.04622
Unemployment insurance	0.00053	0.00054	0.00107
General obligation bonds (Library series)	0.27477	0.29261	0.28851
Prior year adjustment	<u>-</u>	<u>(0.00728)</u>	<u>-</u>
 Total	 <u>2.24147</u>	 <u>2.20693</u>	 <u>2.11584</u>

CITY OF CHARLESTON, ILLINOIS
 ASSESSED VALUATION, TAX RATES, TAXES EXTENDED AND COLLECTED

	Tax Levy Year		
	2013	2012	2011
Taxes Extended:			
General corporate	\$ 396,317	\$ 272,629	\$ 49,035
Street and bridge *	133,444	131,869	127,435
IMRF	288,038	304,736	292,220
Fire protection	175,740	193,127	181,798
Firemen's pension	657,450	644,135	718,617
Police protection	156,238	123,798	96,303
Police pension	595,560	604,077	666,103
Library	384,687	371,376	350,779
Garbage	6,077	6,160	1,191
Audit	13,444	13,627	1,191
Judgment	439,359	485,244	497,364
Street lighting	91,282	92,438	91,392
Playground and recreation	173,272	167,367	158,192
Emergency services	991	1,101	1,042
Social security	214,818	212,092	206,018
Ambulance service	83,018	94,099	85,979
Unemployment insurance	991	1,008	1,990
General obligation bonds (Library series)	513,757	546,210	536,689
Prior year adjustment	-	(13,589)	-
Total	<u>\$ 4,324,483</u>	<u>\$ 4,251,504</u>	<u>\$ 4,063,338</u>
Net Taxes Collected:			
Municipal levy		\$ 4,071,431	\$ 3,930,714
City's share of township road and bridge		<u>129,477</u>	<u>127,086</u>
Total		<u>\$ 4,200,908</u>	<u>\$ 4,057,800</u>
Percent Collected		98.81%	99.86%
Net Taxes Collected:			
Tax Increment Finance		<u>\$ 170,398</u>	<u>\$ 166,483</u>

* Includes City share of township road and bridge tax.