

**VILLAGE OF CHATHAM, ILLINOIS**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**For the Year Ended April 30, 2011**



VILLAGE OF CHATHAM, ILLINOIS  
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3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

INDEPENDENT AUDITOR'S REPORT

To the President  
and Board of Trustees  
Village of Chatham, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Chatham, Illinois, as of and for the year ended April 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the Village of Chatham, Illinois, as of April 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Chatham's basic financial statements as a whole. The accompanying financial information listed as combining and individual fund schedules and supplemental financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying financial information listed as "Additional Schedules" in the table of contents 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 on that information.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Village of Chatham, Illinois, as of and for the year ended April 30, 2010 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. That audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The Comparative Statement of Net Assets and Comparative Statement of Revenues, Expenses, and Changes in Net Assets for the Electric Fund and the Comparative Balance Sheet and Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance for the TIF District is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and, in our opinion those statements are fairly stated in all material respects in relation to the financial statements from which is has been derived.



Springfield, Illinois  
September 6, 2011

## VILLAGE OF CHATHAM, ILLINOIS

### MANAGEMENT'S DISCUSSIONS AND ANALYSIS

As the management of the Village of Chatham (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2011.

#### Financial Highlights

- The assets of the Village of Chatham exceeded liabilities at April 30, 2011 by \$28,134,847. Of this amount \$680,592 is unrestricted.
- The Village's net assets increased by \$905,293 during the year compared to last fiscal year's net assets.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$328,930, or 9% of total general fund expenditures.

#### USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

The financial statement's focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

#### Government-Wide Financial Statements

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

The Statement of Net Assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change 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 and earned but unused vacation and sick leave).

## VILLAGE OF CHATHAM, ILLINOIS MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Both of the government-wide financial statements distinguish functions of the Village of Chatham 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 Village include general government, cemetery, culture and recreation, public safety, public works and transportation, and economic development. The business-type activities of the Village include electric, water and sewer systems.

The government-wide financial statements can be found on pages 14-17 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental, proprietary and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, 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. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Village maintains 10 individual government 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 Fund and the TIF Fund, both of which are considered to be "major" funds. Data from the other 8 governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate budget compliance.

**VILLAGE OF CHATHAM, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

The governmental fund financial statements can be found on pages 18-21 of this report.

**Proprietary Funds.** The Village maintains only the enterprise type of proprietary fund. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The Village uses enterprise funds to account for its electric and water and sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution operation and the water and sewer operations, both of which are considered to be major funds of the Village of Chatham.

The proprietary fund financial statements can be found on pages 22-24 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village maintains one fiduciary fund the Police Pension Fund.

The fiduciary fund financial statements can be found on pages 25-26 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-65 of the report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in funding its obligation to provide benefits to its employees. In addition, budget versus actual information for the General Fund and TIF District Fund is presented. Required supplementary information can be found on pages 66-76 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 77-82 of this report.

**VILLAGE OF CHATHAM, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

**Financial Analysis of the Village as a Whole  
Table 1  
Statement of Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 3,076,554	\$ 2,746,251	\$ 2,685,872	\$ 5,642,895	\$ 5,762,426	\$ 8,389,146
Capital Assets	<u>12,185,846</u>	<u>12,155,126</u>	<u>19,726,259</u>	<u>20,031,523</u>	<u>31,912,105</u>	<u>32,186,649</u>
<b>Total Assets</b>	<u>15,262,400</u>	<u>14,901,377</u>	<u>22,412,131</u>	<u>25,674,418</u>	<u>37,674,531</u>	<u>40,575,795</u>
Current Liabilities	2,013,103	1,998,742	1,453,605	4,984,398	3,466,708	6,983,140
Non-current Liabilities	<u>1,618,319</u>	<u>1,727,237</u>	<u>4,454,657</u>	<u>4,635,864</u>	<u>6,072,976</u>	<u>6,363,101</u>
<b>Total Liabilities</b>	<u>3,631,422</u>	<u>3,725,979</u>	<u>5,908,262</u>	<u>9,620,262</u>	<u>9,539,684</u>	<u>13,346,241</u>
<b>Net Assets:</b>						
Invested in Capital Assets						
Net of Debt	11,387,806	11,160,971	15,010,270	14,823,811	26,398,076	25,984,782
Restricted	851,430	577,697	204,749	162,076	1,056,179	739,773
Unrestricted	<u>(608,258)</u>	<u>(563,270)</u>	<u>1,288,850</u>	<u>1,068,269</u>	<u>680,592</u>	<u>504,999</u>
<b>Total Net Assets</b>	<u>\$ 11,630,978</u>	<u>\$ 11,175,398</u>	<u>\$ 16,503,869</u>	<u>\$ 16,054,156</u>	<u>\$ 28,134,847</u>	<u>\$ 27,229,554</u>

The Village's combined net assets increased from \$27,229,554 to \$28,134,847 during 2011. Net assets in the governmental funds increased \$455,580 and net assets related to business-type activities increased \$449,713, unrestricted net assets related to government activities and business activities were \$(608,258) and \$1,288,850 respectively. The deficit in unrestricted net assets does not mean that the Village does not have resources available to pay its bills; rather it is the result of having long-term commitments that are greater than currently available resources.

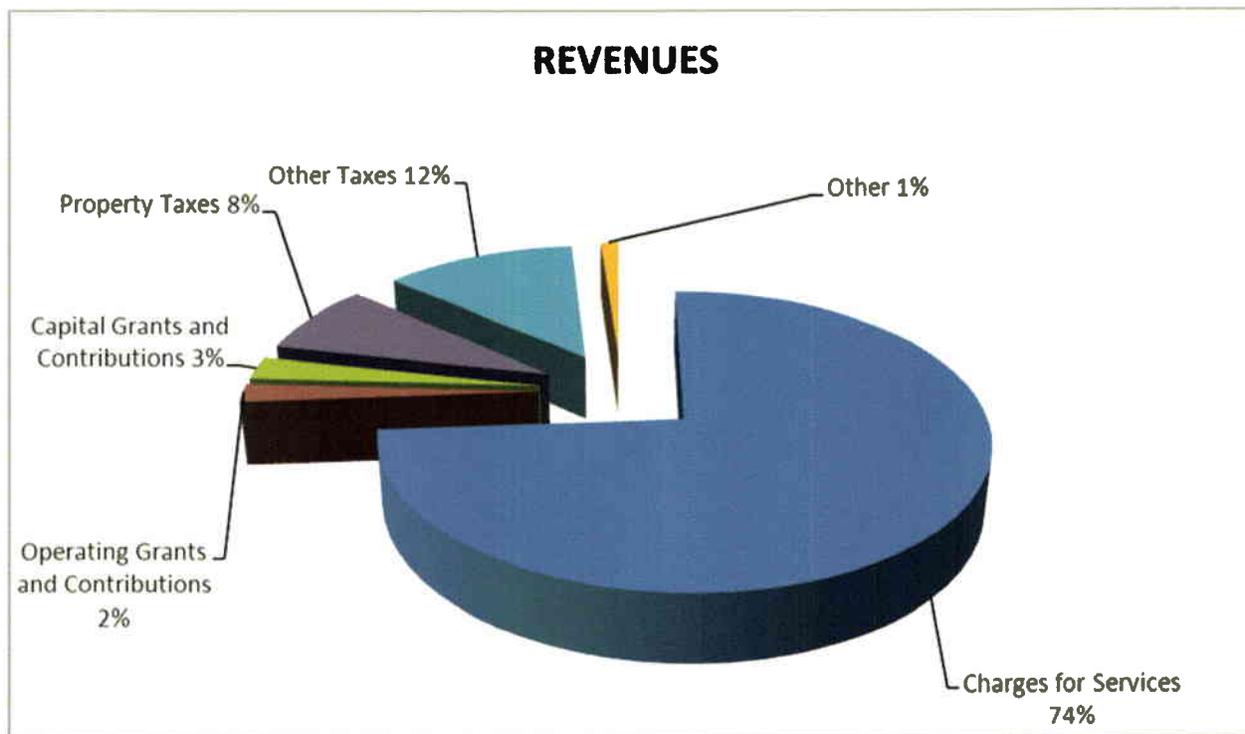
For more detailed information, see the Statement of Net Assets on pages 14-15.

**VILLAGE OF CHATHAM, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

**Table 2  
Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 713,978	\$ 648,041	\$ 11,708,374	\$ 10,005,548	\$ 12,422,352	\$ 10,653,589
Operating Grants and Contributions	317,978	269,655	26,146	7,026	344,124	276,681
Capital Grants and Contributions	368,293	217,990	63,000	306,606	431,293	524,596
General Revenues:						
Property Taxes	1,352,376	1,307,975	-	-	1,352,376	1,307,975
Other Taxes	2,078,589	2,048,703	-	-	2,078,589	2,048,703
Other	193,965	43,082	2,714	3,306	196,679	46,388
<b>Total Revenues</b>	<u>5,025,179</u>	<u>4,535,446</u>	<u>11,800,234</u>	<u>10,322,486</u>	<u>16,825,413</u>	<u>14,857,932</u>
<b>EXPENSES</b>						
General Government	683,104	602,243	-	-	683,104	602,243
Cemetery	57,089	51,199	-	-	57,089	51,199
Culture and Recreation	458,070	433,122	-	-	458,070	433,122
Public Safety	2,122,145	2,006,722	-	-	2,122,145	2,006,722
Public Works	1,168,790	1,208,077	-	-	1,168,790	1,208,077
Economic Development	55,452	34,483	-	-	55,452	34,483
Electric	-	-	7,868,191	6,978,418	7,868,191	6,978,418
Water and Sewer	-	-	3,482,330	3,048,002	3,482,330	3,048,002
Interest on Long-Term Debt	24,949	39,750	-	-	24,949	39,750
<b>Total Expenses</b>	<u>4,569,599</u>	<u>4,375,596</u>	<u>11,350,521</u>	<u>10,026,420</u>	<u>15,920,120</u>	<u>14,402,016</u>
<b>Change in Net Assets</b>						
Before Transfers	455,580	159,850	449,713	296,066	905,293	455,916
Transfers	-	-	-	-	-	-
<b>Change in Net Assets</b>	<u>455,580</u>	<u>159,850</u>	<u>449,713</u>	<u>296,066</u>	<u>905,293</u>	<u>455,916</u>
<b>Net Assets, Beginning of the Year</b>	11,175,398	11,015,548	16,054,156	15,758,090	27,229,554	26,773,638
<b>Net Assets, End of the Year</b>	<u>\$ 11,630,978</u>	<u>\$ 11,175,398</u>	<u>\$ 16,503,869</u>	<u>\$ 16,054,156</u>	<u>\$ 28,134,847</u>	<u>\$ 26,229,554</u>

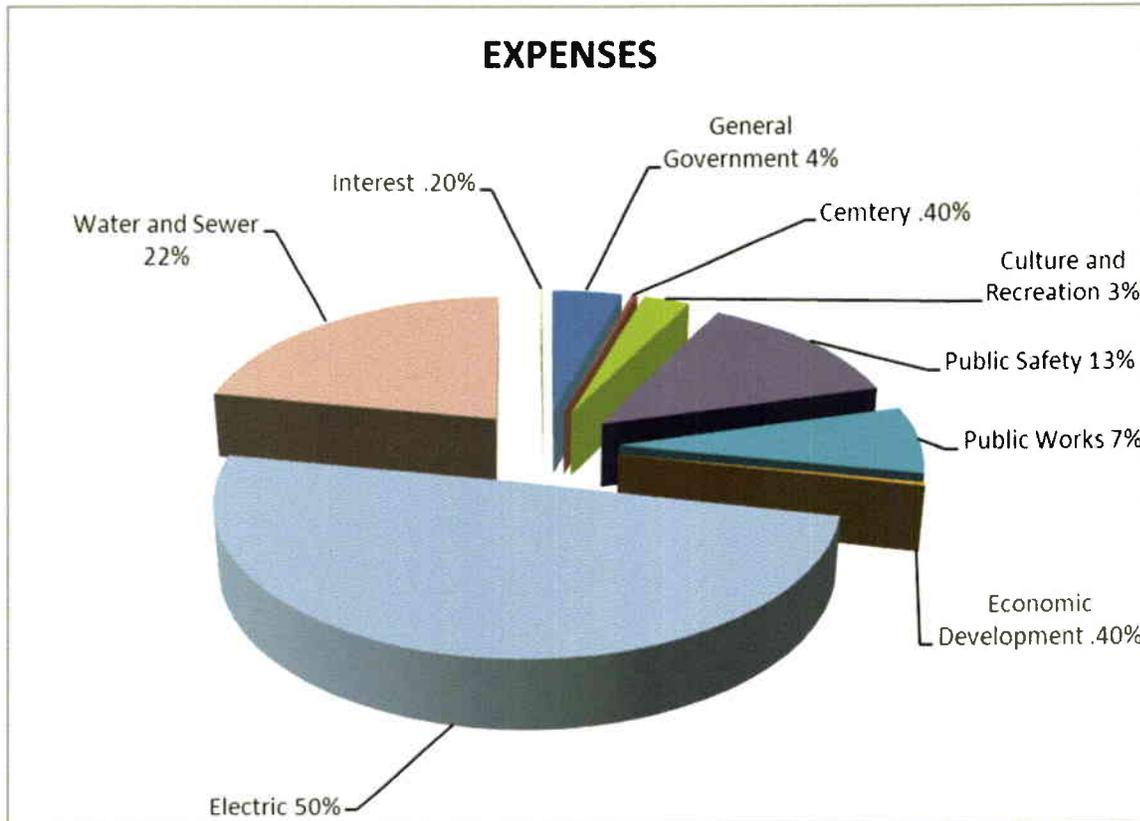
**VILLAGE OF CHATHAM, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)**



For the fiscal year ended April 30, 2011, revenues totaled \$16.8 million. The Village's largest revenue source is from charges for services, which consist of charges from the electric, water and sewer system as well as franchise fees, business permit fees and administrative utility fees. Capital grants and contributions include contributions of streets, storm sewers, water main and sanitary sewers from new developments within the Village of Chatham. Other taxes include sales tax, income tax, telecommunications tax, local use tax and road and bridge taxes.

Charges for services are up 16% from \$10.7 million in FY 2010 to \$12.4 million in FY 2011. Service charges for the electric system and water and sewer system are up \$1.7 million over FY 2010, which represents a 17% increase over the previous year. This is reflective of the steady growth of new residents as well as the increase in rates for electric, water, and sewer service that were passed during fiscal years 2010 and 2011.

**VILLAGE OF CHATHAM, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)**



The Village of Chatham’s expenses totaled \$15.9 million in 2011. The largest portion of these expenses is for the electric system which represents 50% followed by expenses for the water and sewer systems at 22%. These expenses reflect the cost of providing electric, water and sewer services to the Village of Chatham’s residents. These expenses increased \$1,324,101 over last year, which represents a 13% increase. The growth in utility customers as well as an increase in rates from the Village’s water and sewer service providers and an increase in distribution costs have contributed to an increase in the cost of operations of the electric, water and sewer utilities.

Public safety expenses relate to the operation of the Village’s Police Department and are the largest expense component of the governmental activity expenses. Public works expense are costs associated with maintaining the Village’s streets. Culture and recreation expenses include expenses to maintain the Village’s parks as well as the summer recreation program.

**FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS**

The Village of Chatham had a change in governmental net assets of \$455,580 for the fiscal year ended April 30, 2011. Of the net change \$368,293 is due to capital grants and contributions. Capital grants and contributions consist of assets received from community organizations, infrastructure received from developers and infrastructure funded by grants from other governmental agencies. The Village’s business-type activities had an increase in net assets of \$449,713.

VILLAGE OF CHATHAM, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Table 3  
General Fund Budgetary Highlights for the  
Fiscal Year Ended April 30, 2011  
With Comparative Actual Totals for the Year Ended April 30, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual 2011</u>	<u>Actual 2010</u>
<b>REVENUES</b>				
Taxes	\$ 2,948,000	\$ 2,948,000	\$ 2,895,113	\$ 2,828,941
Licenses and Permits	632,000	632,000	616,684	557,298
Other	<u>40,400</u>	<u>40,400</u>	<u>216,965</u>	<u>35,804</u>
<b>Total Revenues</b>	<u>3,620,400</u>	<u>3,620,400</u>	<u>3,728,762</u>	<u>3,422,043</u>
<b>EXPENDITURES AND TRANSFERS</b>				
Expenditures	(3,738,400)	(3,779,481)	(3,663,033)	(3,568,224)
Transfers In	-	-	-	-
Transfers Out	<u>(96,000)</u>	<u>(96,000)</u>	<u>(96,000)</u>	<u>(48,000)</u>
<b>Total Expenditures and Transfers</b>	<u>(3,834,400)</u>	<u>(3,875,481)</u>	<u>(3,759,033)</u>	<u>(3,616,224)</u>
<b>Change in Fund Balance</b>	<u>\$ (214,000)</u>	<u>\$ (255,081)</u>	<u>\$ (30,271)</u>	<u>\$ (194,181)</u>

Revenues of the Village are budgeted by source prior to the adoption of the Village's annual appropriation ordinance. The Village adopts an annual appropriation ordinance outlining expenditures by operational line item. The original appropriation was amended and budgeted expenditures increased by \$41,081. Budgets for culture and recreation and public safety increased. The budget for public works/transportation decreased. Administration and cemetery department budgets did not change in total.

The General Fund Revenues received were more than the amount estimated by \$108,362. Revenues received from other sources were more than the amount estimated by \$176,565. This is due to the receipt of revenue for work performed for the South Sangamon Water Commission as well as grant receipts for equipment and labor related to Public Safety. General Fund expenditures were lower than the amounts budgeted.

**VILLAGE OF CHATHAM, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

**Capital Assets**

The following schedule reflects the Village's capital asset balances as of April 30, 2011.

**Capital Assets  
Table 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land, not Depreciated	\$ 372,000	\$ 372,000	\$ 318,734	\$ 318,734	\$ 690,734	\$ 690,734
Construction in Progress	215,799	455,720	-	-	215,799	455,720
Improvements	282,604	282,604	62,550	62,550	345,154	345,154
Buildings	624,213	617,269	804,117	796,519	1,428,330	1,413,788
Vehicles	629,450	629,450	1,148,434	1,098,734	1,777,884	1,728,184
Equipment	704,721	690,508	947,643	829,377	1,652,364	1,519,885
Infrastructure	12,559,806	11,871,225	-	-	12,559,806	11,871,225
Utility Plant	-	-	29,719,015	29,197,798	29,719,015	29,197,798
Less:						
Accumulated Depreciation	<u>(3,202,747)</u>	<u>(2,763,650)</u>	<u>(13,274,234)</u>	<u>(12,272,189)</u>	<u>(16,476,981)</u>	<u>(15,035,839)</u>
<b>Total</b>	<b><u>\$ 12,185,846</u></b>	<b><u>\$ 12,155,126</u></b>	<b><u>\$ 19,726,259</u></b>	<b><u>\$ 20,031,523</u></b>	<b><u>\$ 31,912,105</u></b>	<b><u>\$ 32,186,649</u></b>

At year-end the Village's investment in capital assets for governmental activities was \$12,185,846, an increase of \$30,720 over April 30, 2010. At year-end the Village's investment in capital assets for business-type activities was \$19,726,259, a decrease of \$305,264 over April 30, 2010.

Major capital asset events during FY 2011 included the following:

<b>Governmental Activities</b>	
Infrastructure additions	\$ 688,581
<b>Business-type Activities</b>	
Utility Plant additions	\$ 521,217

Additional information on the Village's capital assets can be found in Note 4 on pages 38-41.

**VILLAGE OF CHATHAM, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

**Long-Term Debt**

As of April 30, 2011, the Village had a total of \$5,689,029 of bonded indebtedness outstanding. Of this amount, \$193,000 comprises debt backed by the full faith and credit of the government. \$5,155,000 of the debt represents bonds and debt certificates that are secured by specified revenue sources (i.e., revenue and alternative source revenue bonds).

During fiscal year 2011, the Village financed a vacuum trailer, a wheel loader and a mapping unit through capital leases.

The table below summarizes the Village's bonded and similar indebtedness.

**Table 5  
Bonded and Similar Indebtedness**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General Obligation Bonds	\$ 193,000	\$ 220,000	\$ -	\$ -	\$ 193,000	\$ 220,000
TIF Alternate Source						
Revenue Bonds	580,000	690,000	-	-	580,000	690,000
Electric Alternate Source						
Revenue Bonds	-	-	4,375,000	4,555,000	4,375,000	4,555,000
Debt Certificates	-	-	200,000	2,967,418	200,000	2,967,418
Notes Payable	-	-	175,000	1,391,223	175,000	1,391,223
Capital Leases	<u>25,040</u>	<u>84,155</u>	<u>140,989</u>	<u>50,294</u>	<u>166,029</u>	<u>134,449</u>
<b>Total</b>	<b>\$ <u>798,040</u></b>	<b>\$ <u>994,155</u></b>	<b>\$ <u>4,890,989</u></b>	<b>\$ <u>8,963,935</u></b>	<b>\$ <u>5,689,029</u></b>	<b>\$ <u>9,958,090</u></b>

Additional information on the Village's long-term debt can be found in Note 6 on pages 46-53.

**Economic Factors**

The Village of Chatham's General Fund has been affected by the decline in the economy. In 2011 the General Fund's expenditures and transfers out exceeded revenues by \$30,271. This is an improvement over 2010 in which the General Fund expenditures and transfers out exceeded revenue by \$194,181. The Electric Fund has shown improvement over the prior year. Operating income for the Electric Fund was \$817,346 for fiscal year 2011. The operating income for 2010 was \$205,709. The Village increased electric rates as the result of a cost of service study completed in the fall of 2009. The Village's Water and Sewer Fund had a loss from operations of \$259,779 which was offset by contribution revenue of \$63,000. The Village completed a multi-year rate study in the fall of 2010, which established water and sewer rates from May 1, 2011 through April 2015.

## **CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sherry Dierking, Treasurer and Chief Fiscal Officer, Village of Chatham, 116 E. Mulberry St., Chatham, Illinois 62629.

VILLAGE OF CHATHAM, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2011

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 492,284	\$ 458,886	\$ 951,170
Restricted accounts - cash	498,812	204,749	703,561
Investments	200,000	-	200,000
Receivables, net			
Accounts	-	1,059,520	1,059,520
Taxes	1,825,257	-	1,825,257
Other	150,901	-	150,901
Inventory	-	566,611	566,611
Due from (to) other funds	(121,395)	121,395	-
Due from other governments	30,695	274,711	305,406
<b>Total current assets</b>	<b>3,076,554</b>	<b>2,685,872</b>	<b>5,762,426</b>
<b>Capital Assets:</b>			
Capital assets, not being depreciated	587,799	318,734	906,533
Property and equipment	14,800,794	32,681,759	47,482,553
Less: accumulated depreciation	(3,202,747)	(13,274,234)	(16,476,981)
<b>Total capital assets</b>	<b>12,185,846</b>	<b>19,726,259</b>	<b>31,912,105</b>
<b>Total assets</b>	<b>15,262,400</b>	<b>22,412,131</b>	<b>37,674,531</b>

(Continued)

VILLAGE OF CHATHAM, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2011

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 16,079	\$ 516,106	\$ 532,185
Unearned revenue	-	17,024	17,024
Accrued payroll	73,513	42,507	116,020
Payroll taxes and related liabilities	38,464	-	38,464
Accrued compensated absences payable	307,850	167,945	475,795
Customer deposits	-	113,070	113,070
Accrued interest payable	5,558	93,671	99,229
Other payables	-	25,192	25,192
Deferred revenue	1,411,932	-	1,411,932
G.O. bonds payable - current	28,000	-	28,000
G.O. bonds (Alternate Revenue Source) payable - current	-	185,000	185,000
T.I.F. G.O. bonds payable - current	110,000	-	110,000
Line of credit - current	-	175,000	175,000
Debt certificates payable - current	-	35,000	35,000
Capital lease payable - current	21,707	83,090	104,797
<b>Total current liabilities</b>	<b>2,013,103</b>	<b>1,453,605</b>	<b>3,466,708</b>
<b>Noncurrent Liabilities:</b>			
Net OPEB obligation	103,694	41,758	145,452
G.O. bonds payable	165,000	-	165,000
G.O. bonds (Alternate Revenue Source) payable	-	4,190,000	4,190,000
T.I.F. G.O. bonds payable	470,000	-	470,000
Debt certificates payable	-	165,000	165,000
Capital lease payable	3,333	57,899	61,232
Net pension obligation	876,292	-	876,292
<b>Total noncurrent liabilities</b>	<b>1,618,319</b>	<b>4,454,657</b>	<b>6,072,976</b>
<b>Total liabilities</b>	<b>3,631,422</b>	<b>5,908,262</b>	<b>9,539,684</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	11,387,806	15,010,270	26,398,076
Restricted for maintenance of roadways	96,324	-	96,324
Restricted for cemetery care	253,088	-	253,088
Restricted for parks and recreation	3,206	-	3,206
Restricted for public safety	23,398	-	23,398
Restricted for debt service	141,108	204,749	345,857
Restricted for economic development	334,306	-	334,306
Unrestricted	(608,258)	1,288,850	680,592
<b>Total net assets</b>	<b>\$ 11,630,978</b>	<b>\$ 16,503,869</b>	<b>\$ 28,134,847</b>

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

VILLAGE OF CHATHAM, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 683,104	\$ 502,956	\$ -	\$ -
Cemetery	57,089	39,547	-	-
Culture and recreation	458,070	19,939	-	-
Public safety	2,122,145	61,931	-	-
Public works/transportation	1,168,790	89,605	317,978	368,293
Economic development	55,452	-	-	-
Interest on long-term debt	24,949	-	-	-
Total governmental activities	4,569,599	713,978	317,978	368,293
Business-type activities:				
Electric	7,868,191	8,485,823	26,146	-
Waterworks and Sewerage	3,482,330	3,222,551	-	63,000
Total business-type activities	11,350,521	11,708,374	26,146	63,000
Total primary government	\$ 15,920,120	\$ 12,422,352	\$ 344,124	\$ 431,293

**General revenues:**

Taxes:

Property taxes, levied for general purposes

Replacement taxes

Road and bridge taxes

Sales taxes

Income taxes

Local use taxes

Telecommunications taxes

Investment income

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (180,148)	\$ -	\$ (180,148)
(17,542)	-	(17,542)
(438,131)	-	(438,131)
(2,060,214)	-	(2,060,214)
(392,914)	-	(392,914)
(55,452)	-	(55,452)
(24,949)	-	(24,949)
<u>(3,169,350)</u>	<u>-</u>	<u>(3,169,350)</u>
-	643,778	643,778
-	(196,779)	(196,779)
-	<u>446,999</u>	<u>446,999</u>
<u>(3,169,350)</u>	<u>446,999</u>	<u>(2,722,351)</u>
1,352,376	-	1,352,376
2,748	-	2,748
56,786	-	56,786
764,864	-	764,864
802,511	-	802,511
141,818	-	141,818
309,862	-	309,862
7,586	2,714	10,300
186,379	-	186,379
<u>3,624,930</u>	<u>2,714</u>	<u>3,627,644</u>
455,580	449,713	905,293
<u>11,175,398</u>	<u>16,054,156</u>	<u>27,229,554</u>
<u>\$ 11,630,978</u>	<u>\$ 16,503,869</u>	<u>\$ 28,134,847</u>

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

VILLAGE OF CHATHAM, ILLINOIS

Governmental Funds

BALANCE SHEET

April 30, 2011

	General	TIF District	Aggregate Nonmajor	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 63,743	\$ -	\$ 428,541	\$ 492,284
Restricted accounts - cash	49,511	334,306	114,995	498,812
Investments	-	-	200,000	200,000
Taxes receivable	1,310,478	490,535	24,244	1,825,257
Other receivables	139,346	-	11,555	150,901
Due from other funds	383	-	13,462	13,845
Due from other governments	-	-	30,695	30,695
<b>TOTAL ASSETS</b>	<b><u>\$ 1,563,461</u></b>	<b><u>\$ 824,841</u></b>	<b><u>\$ 823,492</u></b>	<b><u>\$ 3,211,794</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 13,560	\$ -	\$ 2,519	\$ 16,079
Accrued payroll	73,513	-	-	73,513
Payroll tax and related liabilities	38,464	-	-	38,464
Due to other funds	134,880	-	360	135,240
Deferred revenue	921,397	490,535	-	1,411,932
<b>Total liabilities</b>	<b><u>1,181,814</u></b>	<b><u>490,535</u></b>	<b><u>2,879</u></b>	<b><u>1,675,228</u></b>
<b>FUND BALANCES</b>				
Reserved for maintenance of roadways	-	-	96,324	96,324
Reserved for cemetery care	-	-	253,088	253,088
Reserved for parks and recreation	3,206	-	-	3,206
Reserved for public safety	23,398	-	-	23,398
Reserved for debt service	26,113	-	114,995	141,108
Reserved for economic development	-	334,306	-	334,306
Unreserved:				
General	328,930	-	-	328,930
Special Revenue	-	-	162,805	162,805
Capital Projects	-	-	133,730	133,730
Permanent	-	-	59,671	59,671
<b>Total fund balances</b>	<b><u>381,647</u></b>	<b><u>334,306</u></b>	<b><u>820,613</u></b>	<b><u>1,536,566</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,563,461</u></b>	<b><u>\$ 824,841</u></b>	<b><u>\$ 823,492</u></b>	<b><u>\$ 3,211,794</u></b>

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

VILLAGE OF CHATHAM, ILLINOIS

Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities

April 30, 2011

Total governmental fund balances	<u>\$ 1,536,566</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>12,185,846</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences payable	(307,850)
Accrued interest payable	(5,558)
G.O. bonds payable, current	(28,000)
T.I.F. G.O. bond payable, current	(110,000)
Capital lease payable, current	(21,707)
G.O. bonds payable, noncurrent	(165,000)
T.I.F. G.O. bond payable, noncurrent	(470,000)
Net pension obligation	(876,292)
Net OPEB obligation	(103,694)
Capital lease payable, noncurrent	(3,333)
	<u>(2,091,434)</u>
Net assets of governmental activities	<u><u>\$ 11,630,978</u></u>

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

VILLAGE OF CHATHAM, ILLINOIS  
Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

For the Year Ended April 30, 2011

	General	TIF District	Aggregate Nonmajor	Total
<b>REVENUES</b>				
Property taxes	\$ 878,496	\$ 473,880	\$ -	\$ 1,352,376
Replacement taxes	2,748	-	-	2,748
Road and bridge taxes	56,786	-	-	56,786
Sales taxes	764,864	-	-	764,864
Income taxes	802,511	-	-	802,511
Local use tax	141,818	-	-	141,818
Motor fuel taxes	-	-	317,978	317,978
Telecommunications tax	247,890	-	61,972	309,862
Licenses, permits, fees, fines, and service charges	615,987	-	97,991	713,978
Investment income	697	1,937	4,952	7,586
Other	186,379	-	-	186,379
State grants	30,586	-	24,331	54,917
<b>Total revenues</b>	<b>3,728,762</b>	<b>475,817</b>	<b>507,224</b>	<b>4,711,803</b>
<b>EXPENDITURES</b>				
Current operations:				
General government	657,937	6,563	-	664,500
Cemetery	43,609	-	13,050	56,659
Culture and recreation	397,947	-	22,586	420,533
Public safety	2,027,009	-	32,408	2,059,417
Public works/transportation	498,720	-	337,003	835,723
Economic development	-	130,747	-	130,747
Capital outlay	-	-	66,933	66,933
Debt service:				
Principal	27,000	-	110,000	137,000
Interest	10,811	-	14,763	25,574
<b>Total expenditures</b>	<b>3,663,033</b>	<b>137,310</b>	<b>596,743</b>	<b>4,397,086</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>65,729</b>	<b>338,507</b>	<b>(89,519)</b>	<b>314,717</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	271,344	271,344
Transfer out	(96,000)	(175,344)	-	(271,344)
<b>Total other financing sources (uses)</b>	<b>(96,000)</b>	<b>(175,344)</b>	<b>271,344</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(30,271)</b>	<b>163,163</b>	<b>181,825</b>	<b>314,717</b>
<b>FUND BALANCE - MAY 1, 2010</b>	<b>411,918</b>	<b>171,143</b>	<b>638,788</b>	<b>1,221,849</b>
<b>FUND BALANCE - APRIL 30, 2011</b>	<b>\$ 381,647</b>	<b>\$ 334,306</b>	<b>\$ 820,613</b>	<b>\$ 1,536,566</b>

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

VILLAGE OF CHATHAM, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities

For the Year Ended April 30, 2011

Net change in fund balances - governmental funds \$ 314,717

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current year:

Capital outlays	156,441
Depreciation	(439,097)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net assets:

Donations of capital assets	313,376
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The increase in OPEB obligation resulting from annual required contributions in excess of the contributions do not require the use of current financial resources and, therefore, is not reported as expenditures in the funds. (53,622)

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

Accrued compensated absences	(36,324)
Net pension obligation	3,349

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Repayment of G.O. bonds payable	27,000
Repayment of T.I.F. G.O. bond payable	110,000
Repayment of capital lease payable	59,115
Accrued interest payable	625
	<hr/>

Change in net assets of governmental activities	<u>\$ 455,580</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF CHATHAM, ILLINOIS  
Proprietary Funds

STATEMENT OF NET ASSETS

April 30, 2011

	Electric	Waterworks and Sewerage	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 398,445	\$ 60,441	\$ 458,886
Restricted accounts - cash	204,749	-	204,749
Accounts receivable	775,905	283,615	1,059,520
Due from other funds	278,103	-	278,103
Due from other government	194	274,517	274,711
Inventory	531,904	34,707	566,611
<b>Total current assets</b>	<b>2,189,300</b>	<b>653,280</b>	<b>2,842,580</b>
Capital Assets:			
Capital assets, not being depreciated	279,734	39,000	318,734
Property and equipment	17,073,825	15,607,934	32,681,759
Less: accumulated depreciation	(5,533,431)	(7,740,803)	(13,274,234)
<b>Capital assets, net</b>	<b>11,820,128</b>	<b>7,906,131</b>	<b>19,726,259</b>
<b>Total assets</b>	<b>14,009,428</b>	<b>8,559,411</b>	<b>22,568,839</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	18,703	497,403	516,106
Unearned revenue	16,760	264	17,024
Accrued payroll	24,976	17,531	42,507
Accrued compensated absences payable	87,221	80,724	167,945
Due to other funds	379	156,329	156,708
Customer deposits	78,140	34,930	113,070
Accrued interest payable	93,671	-	93,671
Other payables	21,704	3,488	25,192
Current maturities of long term debt:			
Line of credit	175,000	-	175,000
G.O. bonds (Alternate Revenue Source) payable	185,000	-	185,000
Debt certificates	35,000	-	35,000
Capital lease payable	13,625	69,465	83,090
<b>Total current liabilities</b>	<b>750,179</b>	<b>860,134</b>	<b>1,610,313</b>
Long-Term Liabilities:			
Net OPEB obligation	25,905	15,853	41,758
G.O. bonds (Alternate Revenue Source) payable	4,190,000	-	4,190,000
Debt certificates	165,000	-	165,000
Capital lease payable	28,125	29,774	57,899
<b>Total long-term liabilities</b>	<b>4,409,030</b>	<b>45,627</b>	<b>4,454,657</b>
<b>Total liabilities</b>	<b>5,159,209</b>	<b>905,761</b>	<b>6,064,970</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,203,378	7,806,892	15,010,270
Restricted for debt service	204,749	-	204,749
Unrestricted	1,442,092	(153,242)	1,288,850
<b>Total net assets</b>	<b>\$ 8,850,219</b>	<b>\$ 7,653,650</b>	<b>\$ 16,503,869</b>

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

VILLAGE OF CHATHAM, ILLINOIS  
Proprietary Funds

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS

For the Year Ended April 30, 2011

	Electric	Waterworks and Sewerage	Total
<b>REVENUES</b>			
User charges	\$ 8,382,811	\$ 3,034,611	\$ 11,417,422
Other income	103,012	187,940	290,952
Total revenues	8,485,823	3,222,551	11,708,374
<b>EXPENSES</b>			
Electricity purchases	5,431,465	-	5,431,465
Water purchases/sewer expenses	-	1,991,953	1,991,953
Distribution and customer service	1,723,997	1,001,347	2,725,344
Depreciation	513,015	489,030	1,002,045
Total expenses	7,668,477	3,482,330	11,150,807
<b>OPERATING INCOME (LOSS)</b>	817,346	(259,779)	557,567
<b>NONOPERATING INCOME (EXPENSE)</b>			
Investment income	1,989	725	2,714
FEMA grant	26,146	-	26,146
Interest expense	(199,714)	-	(199,714)
Total nonoperating income (expense)	(171,579)	725	(170,854)
<b>CHANGE IN NET ASSETS BEFORE CONTRIBUTION REVENUE</b>	645,767	(259,054)	386,713
<b>CONTRIBUTION REVENUE</b>	-	63,000	63,000
<b>CHANGE IN NET ASSETS</b>	645,767	(196,054)	449,713
<b>NET ASSETS - MAY 1, 2010</b>	8,204,452	7,849,704	16,054,156
<b>NET ASSETS - APRIL 30, 2011</b>	\$ 8,850,219	\$ 7,653,650	\$ 16,503,869

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

VILLAGE OF CHATHAM, ILLINOIS  
Proprietary Funds

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2011

	Waterworks and		
	Electric	Sewerage	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 8,405,609	\$ 6,703,738	\$ 15,109,347
Payments to suppliers	(6,270,743)	(1,971,485)	(8,242,228)
Payments to employees	(919,330)	(641,332)	(1,560,662)
Net cash from operating activities	1,215,536	4,090,921	5,306,457
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Federal Emergency Management Agency	26,146	-	26,146
Net cash from non-capital financing activities	26,146	-	26,146
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from capital debt	41,750	112,542	154,292
Purchases of capital assets	(304,278)	(329,503)	(633,781)
Principal paid on capital debt	(407,418)	(3,819,820)	(4,227,238)
Interest paid on capital debt	(200,901)	(7,317)	(208,218)
Net cash from capital and related financing activities	(870,847)	(4,044,098)	(4,914,945)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and dividends received	1,985	725	2,710
Net cash from investing activities	1,985	725	2,710
Net increase in cash	372,820	47,548	420,368
Cash and cash equivalents, beginning	230,374	12,893	243,267
Cash and cash equivalents, ending	\$ 603,194	\$ 60,441	\$ 663,635
Cash and cash equivalents consists of the following:			
Cash and cash equivalents	\$ 398,445	\$ 60,441	\$ 458,886
Restricted accounts - cash	204,749	-	204,749
	\$ 603,194	\$ 60,441	\$ 663,635
<b>Reconciliation of operating (loss) to net cash</b>			
from operating activities:			
Operating income (loss)	\$ 817,346	\$ (259,779)	\$ 557,567
Adjustments to reconcile income (loss) to net cash			
from operating activities:			
Depreciation	513,015	489,030	1,002,045
(Increase) decrease in assets:			
Accounts receivable	(80,214)	3,481,186	3,400,972
Due from other funds	(134,164)	-	(134,164)
Inventories	46,239	(21,424)	24,815
(Decrease) increase in liabilities:			
Accounts payable	(12,269)	256,353	244,084
Unearned revenue	5,101	233	5,334
Accrued payroll	(1,907)	(1,117)	(3,024)
Compensated absences	14,682	9,659	24,341
Net OPEB obligation	13,060	7,992	21,052
Due to other funds	(14,099)	99,868	85,769
Deposits payable	48,370	29,180	77,550
Other payables	376	(260)	116
Net cash from operating activities	\$ 1,215,536	\$ 4,090,921	\$ 5,306,457
<b>Non-cash capital and related financing activities:</b>			
Donated water and sewer infrastructure	\$ -	\$ 63,000	\$ 63,000
Total non-cash capital and related financing activities	\$ -	\$ 63,000	\$ 63,000

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

VILLAGE OF CHATHAM, ILLINOIS  
POLICE PENSION TRUST FUND  
STATEMENT OF PLAN NET ASSETS

April 30, 2011

<b>ASSETS</b>	
Cash	\$ 249,390
Investments	
Mutual funds	169,286
Non-negotiable certificates of deposit	3,767,328
Accrued interest receivable	<u>25,873</u>
Total Assets	<u>4,211,877</u>
<b>LIABILITIES</b>	
None	<u>-</u>
Total Liabilities	<u>-</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress is presented on page 68)</b>	
	<u><u>\$ 4,211,877</u></u>

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

VILLAGE OF CHATHAM, ILLINOIS  
POLICE PENSION TRUST FUND

STATEMENT OF CHANGES IN PLAN NET ASSETS

For the Year Ended April 30, 2011

ADDITIONS

Contributions

Employer (property taxes)	\$ 283,016
Employee	91,536

Total contributions	<u>374,552</u>
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Investment income

Net appreciation in fair value of investments	10,451
Interest	150,997

Total investment income	<u>161,448</u>
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Total additions	<u>536,000</u>
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DEDUCTIONS

Benefits	104,801
Administration	2,175

Total deductions	<u>106,976</u>
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NET INCREASE	429,024
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NET ASSETS HELD IN TRUST  
FOR PENSION BENEFITS

May 1, 2010	<u>3,782,853</u>
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April 30, 2011	<u>\$ 4,211,877</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

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

- (a) Reporting Entity - The Village is a body corporate and politic established under Illinois Compiled Statutes (ILCS). The Village is considered to be a primary government as defined by GASB Statement No. 39, since it is legally separate and fiscally independent.

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is based upon the significance of its operational or financial relationship with the primary government.

The Village has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Village's financial statements.

- (b) Fund Accounting - The accounts of the Village 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, liabilities, fund equity, 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.
- (c) Government-wide and Fund Financial Statements - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues and are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(c) Government-wide and Fund Financial Statements – Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants that purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual funds are reported as separate columns in the fund financial statements.

- (d) Measurement Focus, Basis of Accounting and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In determining when to recognize intergovernmental revenue (grants and shared revenue), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two bases for this revenue recognition. In one, monies are virtually unrestricted as to the purpose of expenditure and are nearly irrevocable; therefore, these amounts are recognized as revenue at the time of their receipt or earlier if they meet the criteria of availability. In the other, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenue is recognized based upon the expenditures recorded.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales and telecommunication taxes collected within 90 days. Also, income taxes have a 90 day availability period in the current year due to delays in distributions from the State of Illinois. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(d) Measurement Focus, Basis of Accounting and Financial Statement Presentation –  
Continued

However, debt service expenditures, as well as expenditures relating to compensated absences, are recorded only when payment is due.

Property taxes, sales taxes, telecommunications taxes, licenses and permits, charges for services, fines and forfeits, miscellaneous revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Personal property replacement taxes are considered to be measurable when they have been collected and allocated by the state and are recognized as revenue at that time. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

*The General Fund* is used to account for all activities of the general government not accounted for in some other fund.

*The TIF District Fund* is used to account for the activities relating to the Tax Increment Financing District.

The Village reports the following proprietary funds, which are major funds:

*The Electric Fund* is used to account for the revenues and expenses related to operating and maintaining the Village's Electric operations.

*The Waterworks and Sewerage Fund* is used to account for the revenues and expenses related to operating and maintaining the Village's Water and Sewer operations.

Additionally, the Village reports the following fund types:

Special Revenue Funds are used to account for specific revenues from which the expenditures are restricted by ordinance to specific, designated purposes.

The Debt Service Fund is used to account for the servicing of general long-term debt not being financed by proprietary funds. The Tax Increment Financing Debt Service Fund is the only fund in this governmental fund type.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(d) Measurement Focus, Basis of Accounting and Financial Statement Presentation –  
Continued

The Capital Projects Fund accounts for the resources used for the acquisition or construction of capital facilities other than those financed by the enterprise fund activities.

The Permanent Fund is used to account for assets received and held for the perpetual care of the Village Cemetery.

The Fiduciary Fund of the Village is used to account for assets held by the Village in a trustee capacity. The Police Pension Trust Fund is used to account for assets received and held for the payment of benefits to participants.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges between the Village's General Fund and the Electric and Waterworks and Sewerage Funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(d) Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

charges to customers for electric, water and sewer sales and service. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

(e) Capital Assets - Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The Village records all capital items, which are individually greater than \$5,000, with a useful life of greater than one year, as capital assets. Except for certain infrastructure acquired or constructed, which were partially financed with Tax Increment Financing and General Obligation Bonds, infrastructure assets acquired prior to May 1, 2004, are not reported in the basic financial statements.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Improvements	10 to 40 years
Buildings and grounds	20 to 40 years
Vehicles	5 years
Equipment	5 years
Infrastructure	40 years
Utility plant	10 to 40 years

(f) Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Village considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

- (g) Fund Balance/Net Assets – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the restricted net assets result from enabling legislation adopted by the Village. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.
- (h) Concentration of Suppliers – The Village of Chatham has an agreement with the Illinois Municipal Electric Agency to purchase electric power through transmission lines owned by the City of Springfield. The agreement to purchase electric power expires September 30, 2035.

The Village of Chatham has an agreement with the City of Springfield, whereby the City of Springfield will supply water to the Village of Chatham until December 31, 2013, unless terminated by either party after April 1, 1991. The agreement was extended until the South Sangamon Water Commission commences operation. The Village pays for actual water usage and is not required to purchase a minimum amount of water. Unless notice of termination is served prior to January 1, 2000, the Village agrees to compensated the City of Springfield in the amount of \$150,000 if it terminates the contract prior to the year 2013.

- (i) Investments – Investments are stated at fair value based on quoted market prices at April 30, 2011. Non-negotiable certificates of deposit are reported at cost.
- (j) Inventories – Inventories are stated at the lower of cost (using the first-in/first-out method) or market using the purchase method.
- (k) Compensated Absences – Vested or accumulated vacation leave and vested sick leave are accrued when incurred by the Village in the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrued to employees. A liability in the governmental funds is reported only if the benefit has matured.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

- (l) Long-Term Obligations – In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

- (m) Interfund Transactions – Interfund services transactions are accounted for as revenues, expenditures or expenses. All other interfund transactions are reported as transfers.
- (n) Capitalized Interest – Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

2. PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the Village.

- The property tax lien date is January 1, 2009.
- The annual tax levy ordinance for 2009 taxes received during fiscal year 2011 was passed December 2009.
- The first installment of property taxes is due to the County Collector on July 1 and the second installment is due to the County Collector on September 1.
- Significant amounts of property taxes for 2009 were distributed to the Village in July and September of 2010.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

2. PROPERTY TAX CALENDAR – Continued

The 2010 taxes are intended to finance the 2012 fiscal year and are not considered available for current operations and are, therefore, shown as deferred revenue. The 2011 tax levy has not been recorded as a receivable at April 30, 2011. Although the tax attached as a lien on property as of January 1, 2011, the tax will not be levied until December 2011, and, accordingly, is not measurable at April 30, 2011.

3. DEPOSITS AND INVESTMENTS

The Village’s Board of Trustees has adopted an investment policy to invest in instruments allowed by Illinois Compiled Statutes (ILCS). The policy further identifies allowable securities to include securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit, or time deposits constituting direct obligations of any bank as defined by the Illinois Banking Act and only those insured by FDIC, short-term discount obligations of the Federal National Mortgage Association or in shares or other forms of security legally issuable by savings and loan associations incorporated under the laws of State of Illinois, and Illinois Funds.

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy, in order of priority are: safety of principal, diversity of investments, liquidity, return on investment, and maintaining public trust.

A. Deposits with Financial Institutions.

*Custodial credit risk* for deposits with financial institutions is the risk that in the event of a bank’s failure, the Village’s deposits may not be returned to them. To guard against credit risk for deposits with financial institutions the Village’s investment policy requires all deposits with financial institutions in excess of federal depository insurance be collateralized at 110% of the uninsured bank balance, with collateral held by the Village or third party or escrow agent of the pledging institution, evidenced by a written safekeeping agreement.

B. Investments

The following table presents the investments in debt securities of the Village as of April 30, 2011 by type of investment.

Investment	Fair Value	Maturity (in years)			
		Less than 1	1-5	6-10	>10
Illinois Funds	\$ 347,956	\$ 347,956	\$ -	\$ -	\$ -

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

3. DEPOSITS AND INVESTMENTS – Continued

The Illinois Funds (the Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poors upon the request of the Fund's management. The most recent money market rating issued by Standard and Poors was AAAm. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statute provides the Illinois State Treasurer with regulatory oversight over the Pool.

*Interest rate risk* is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Village's investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio so that investments will have maturities to have available sufficient cash for all operating purposes. The policy limits investments of the General Fund and Special Revenue Funds to maturities of fifteen months from the date of purchase. For all other investments, any investment purchased with a maturity of longer than two years must be specifically pre-authorized by the Chair of the Administration Committee and the Village President.

*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. The Village's investment policy does not specifically address credit risk, but the Village limits its exposure to credit risk by primarily investing in Illinois Funds.

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. Illinois Funds are not subject to custodial credit risk.

*Concentration of credit risk* – The Village limits the amount a financial institution may hold of the Village's investment portfolio to \$100,000 excluding investments in U.S. Treasury securities held in safekeeping, investments in the Illinois Funds, and investments at a financial institution in which the deposits in excess of \$100,000 are secured by collateral.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

3. DEPOSITS AND INVESTMENTS – Continued

Police Pension Funds

The Pension Board has adopted an investment policy to invest in instruments allowed by Illinois Compiled Statutes (ILCS). The statutes allow pension funds to invest in the same securities as the Village. The policy further identifies allowable securities to include securities guaranteed by the full faith and credit of the United States of America, separate accounts of a life insurance company authorized to do business in Illinois, savings accounts or certificates of deposit of a national or State Bank, insured capital accounts and investments of State and federal chartered savings and loan associations and credit unions, and interest bearing bonds or tax anticipation warrants of the United States, State of Illinois, or of any county, township, or municipal corporation of the State of Illinois.

A. Deposits with Financial Institutions.

*Custodial credit risk* for deposits with financial institutions is the risk that in the event of a bank's failure, the Pension Fund's deposits may not be returned to them. To guard against credit risk for deposits with financial institutions the Pension Fund's investment policy requires all deposits with financial institutions in excess of federal depository insurance be collateralized and held at an independent third party institution in the name of the Police Pension Fund and evidenced by a written collateral agreement.

B. Investments

The following table presents the investments in debt securities of the Police Pension Trust Fund as of April 30, 2011 by type of investment.

Investment	Fair Value	Maturity (in years)			
		Less than 1	1-5	6-10	>10
Illinois Funds	\$ 9,057	\$ 9,057	\$ -	\$ -	\$ -
Mutual Funds	169,286	169,286			

The Illinois Funds (the Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poor's upon the request of the Fund's management. The most recent money market rating issued by Standard and Poor's was AAAM. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statute provides the Illinois State Treasurer with regulatory oversight over the Pool.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

3. DEPOSITS AND INVESTMENTS – Continued

Police Pension Funds – Continued

*Interest rate risk* is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Pension Fund's investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio so that investments will have maturities to have available sufficient cash for all operating purposes. The policy structures the portfolio to 10 percent in certificates of deposits with maturities of one year or less, 60 percent in certificates of deposits with maturities of one to five years, and 30 percent in certificates of deposits with maturities of greater than six years.

*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. The Pension Fund's investment policy does not specifically address credit risk, but the Pension Fund limits its exposure to credit risk by primarily investing in certificates of deposit. The remaining investments of mutual funds are not rated.

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty to the investment, the Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. Illinois Funds and the open ended mutual funds are not subject to custodial credit risk. The Pension Fund's investment policy limits its exposure to custodial credit risk for investments by requiring the purchase of certificates of deposit from financial institutions insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration.

*Concentration of credit risk* – The Pension Fund places no limit on the amount the Pension Fund may invest in any one issuer. The Pension Fund's investments consist of certificates of deposit, Illinois Funds, and mutual funds.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ending April 30, 2011 consists of the following:

	<u>Balances</u> May 1	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> April 30
Land, not depreciated	\$ 372,000	\$ -	\$ -	\$ 372,000
Construction in progress, not depreciated	<u>455,720</u>	<u>62,123</u>	<u>302,044</u>	<u>215,799</u>
Total capital assets, not depreciated	<u>827,720</u>	<u>62,123</u>	<u>302,044</u>	<u>587,799</u>
Improvements	282,604	-	-	282,604
Buildings and grounds	617,269	6,944	-	624,213
Vehicles	629,450	-	-	629,450
Equipment	690,508	14,213	-	704,721
Infrastructure	<u>11,871,225</u>	<u>688,581</u>	-	<u>12,559,806</u>
Total capital assets being depreciated	<u>14,091,056</u>	<u>709,738</u>	-	<u>14,800,794</u>
Total capital assets	<u>14,918,776</u>	<u>771,861</u>	<u>302,044</u>	<u>15,388,593</u>
Less accumulated depreciation for:				
Improvements	106,481	7,065	-	113,546
Buildings and grounds	249,675	20,205	-	269,880
Vehicles	486,205	55,090	-	541,295
Equipment	539,309	51,346	-	590,655
Infrastructure	<u>1,381,980</u>	<u>305,391</u>	-	<u>1,687,371</u>
Total accumulated depreciation	<u>2,763,650</u>	<u>439,097</u>	-	<u>3,202,747</u>
Total capital assets being depreciated, net	<u>11,327,406</u>	<u>270,641</u>	-	<u>11,598,047</u>
Total capital assets, net of accumulated depreciation	<u>\$ 12,155,126</u>	<u>\$ 332,764</u>	<u>\$ 302,044</u>	<u>\$ 12,185,846</u>

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS – Continued

B. Business-type activities

Capital asset activity for the year ended April 30, 2011 consists of the following:

<u>ELECTRIC</u>	Balances May 1	Additions	Retirements	Balances April 30
Land, not depreciated	\$ 279,734	\$ -	\$ -	\$ 279,734
Total capital assets, not being depreciated	<u>279,734</u>	<u>-</u>	<u>-</u>	<u>279,734</u>
Improvements	62,550	-	-	62,550
Buildings and grounds	694,249	3,799	-	698,048
Vehicles	738,631	49,700	-	788,331
Equipment	527,768	-	-	527,768
Utility plant	<u>14,746,349</u>	<u>250,779</u>	<u>-</u>	<u>14,997,128</u>
Total capital assets being depreciated	<u>16,769,547</u>	<u>304,278</u>	<u>-</u>	<u>17,073,825</u>
Total capital assets	<u>17,049,281</u>	<u>304,278</u>	<u>-</u>	<u>17,353,559</u>
Less accumulated depreciation for:				
Improvements	24,412	1,194	-	25,606
Buildings and grounds	281,165	19,922	-	301,087
Vehicles	714,222	19,631	-	733,853
Equipment	242,320	66,419	-	308,739
Utility plant	<u>3,758,297</u>	<u>405,849</u>	<u>-</u>	<u>4,164,146</u>
Total accumulated depreciation	<u>5,020,416</u>	<u>513,015</u>	<u>-</u>	<u>5,533,431</u>
Total capital assets being depreciated, net	<u>11,749,131</u>	<u>(208,737)</u>	<u>-</u>	<u>11,540,394</u>
Total capital assets, net of accumulated depreciation	<u>\$ 12,028,865</u>	<u>\$ (208,737)</u>	<u>\$ -</u>	<u>\$ 11,820,128</u>

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS - Continued

B. Business-type activities – Continued

<u>WATERWORKS &amp; SEWERAGE</u>	Balances May 1	Additions	Retirements	Balances April 30
Land, not depreciated	\$ 39,000	\$ -	\$ -	\$ 39,000
Total capital assets, not being depreciated	<u>39,000</u>	<u>-</u>	<u>-</u>	<u>39,000</u>
Buildings and grounds	102,270	3,799	-	106,069
Vehicles	360,103	-	-	360,103
Equipment	301,609	118,266	-	419,875
Utility plant	<u>14,451,449</u>	<u>270,438</u>	<u>-</u>	<u>14,721,887</u>
Total capital assets being depreciated	<u>15,215,431</u>	<u>392,503</u>	<u>-</u>	<u>15,607,934</u>
Total capital assets	<u>15,254,431</u>	<u>392,503</u>	<u>-</u>	<u>15,646,934</u>
Less accumulated depreciation for:				
Buildings and grounds	29,908	2,699	-	32,607
Vehicles	308,896	11,027	-	319,923
Equipment	129,699	63,164	-	192,863
Utility plant	<u>6,783,270</u>	<u>412,140</u>	<u>-</u>	<u>7,195,410</u>
Total accumulated depreciation	<u>7,251,773</u>	<u>489,030</u>	<u>-</u>	<u>7,740,803</u>
Total capital assets being depreciated, net	<u>7,963,658</u>	<u>(96,527)</u>	<u>-</u>	<u>7,867,131</u>
Total capital assets, net of accumulated depreciation	<u>\$ 8,002,658</u>	<u>\$ (96,527)</u>	<u>\$ -</u>	<u>\$ 7,906,131</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS – Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 14,729
Culture and recreation	55,625
Public safety	37,119
Public works/transportation	<u>331,624</u>
Total depreciation expense – governmental activities	<u>\$ 439,097</u>
Business-type activities:	
Electric	\$ 513,015
Waterworks and Sewerage	<u>489,030</u>
Total depreciation expense – business-type activities	<u>\$ 1,002,045</u>

5. RESTRICTED ASSETS

The Village reports restricted cash in the Electric Fund due to the issuance of the 2006 and 2008 General Obligation Bonds (Alternative Revenue Source) and the 2010 Debt Certificates, restricted cash in the TIF District Fund due to the issuance of the 2009 General Obligation Bonds, and restricted cash in the General Fund due to the issuance of the 2001 General Obligation Bonds and other restrictions relating to law enforcement.

Electric Fund

The Electric General Obligation Bonds (Alternate Revenue Source), Series 2006 and the Electric General Obligation Bonds (Alternate Revenue Source), Series 2008 require the funding by the utility of certain reserve accounts. These reserve account balances are required to be invested as the ordinances call for and segregated from the other funds. The following accounts were so segregated at April 30, 2011.

Electric Fund:

Cash:

Electric Jr Bond Proceeds (Construction Account)	\$ 3
Electric Jr Bond and Interest	<u>204,746</u>
Total	<u>\$ 204,749</u>

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Electric Fund – Continued

As of April 30, 2011, all accounts were funded as required by the bond ordinances. The funding requirements of these accounts are established by the general obligation bond ordinances and are outlined as follows for the 2006 and 2008 general obligation bonds (alternate revenue source).

Construction Account, established to pay costs of the project and paying the fees and expenses incidental thereto.

Operation and Maintenance Account, established to establish a balance sufficient to pay operation and maintenance expenses for the current month.

Junior Bond and Interest Account, established to accumulate an amount sufficient to pay principal or interest or both. There shall be deposited to the Junior Bond and Interest Account, a fractional amount of interest becoming due on the next succeeding interest payment date and a fractional amount of principal becoming due on the next succeeding principal maturity date of all of the Outstanding Junior Bonds.

Junior Bond Reserve Account, established to accumulate funds to be used to pay principal or interest on outstanding bonds at any time when there are insufficient funds available in the Junior Bond and Interest Account to pay the same.

Depreciation, Improvement, and Extension Account, established to accumulate funds established per bond ordinances for the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies for which no other funds are available.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Electric Fund – Continued

Surplus Account, established to accumulate funds remaining in the System Fund, after crediting the required amounts to the respective accounts noted above and after making up any deficiency in the above accounts. Then, at the discretion of the Corporate Authorities, the funds shall be used, if at all, for one or more of the following purposes:

- (1) For the purpose of constructing or acquiring repairs, replacements, or improvements to the System or
- (2) For the purpose of purchasing Outstanding Bonds or
- (3) For any other lawful corporate purpose (including but not limited to payments in lieu of taxes and general supervision and administrative charges by the Issuer.)

The Electric Debt Certificates (Series 2010) Ordinances require the creation and funding of certain reserve accounts. These reserve account balances are further required to be invested as stipulated in the ordinances and segregated from the other funds.

The funding requirements of these accounts are established by the certificate ordinances and are outlined as follows:

Certificate Account (Debt Service), established for repayment of certificate principal and interest. Funding of this account shall be determined by the Issuer.

Project Account, established to pay costs required for establishing and maintaining project associated with the certificates.

Rebate Account, established for deposit of necessary investment earnings to the extent required so as to maintain the tax exempt status of the interest on the Certificates under Section 148 (f) of the Internal Revenue Code of 1986, as amended. Any rebates, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from applicable excess earnings or other sources which are to be deposited in the Rebate Account.

During fiscal year 2011, the Village made monthly principal and interest payments on the 2010 Electric Debt Certificates in accordance with the debt service requirements. The Village did not accumulate funds in the above accounts.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Tax Increment Financing

The Tax Increment Financing General Obligation Bonds (Alternate Revenue Source), Series 2009 require the funding by the incremental tax income derived from a separately created tax increment financing district of certain reserve accounts. These reserve account balances are required to be invested as stipulated in ordinances and segregated from the other funds. The following accounts were so segregated at April 30, 2011.

Tax Increment Financing Fund:

	<u>Debt Service</u>
Cash:	
TIF Bond and Interest	\$ 114,995
Total	<u>\$ 114,995</u>

As of April 30, 2011, all accounts were funded as required by the bond ordinance. The funding requirements of these accounts are established by the tax increment financing bond ordinance and are outlined as follows:

Tax Increment Financing Account, established to establish a balance sufficient to pay necessary tax increment financing costs required for establishing and maintaining the Project Area. The account balance totals \$334,306 as of April 30, 2011.

Bond and Interest Account, established to accumulate an amount sufficient to pay principal or interest or both. There shall be deposited to the Bond and Interest Account, a fractional amount of interest becoming due on the next succeeding interest payment date and a fractional amount of principal becoming due on the next succeeding principal maturity date of all of the Outstanding Bonds.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Tax Increment Financing – Continued

Surplus Account, established to accumulate funds remaining in the Special Tax Allocation Fund, after crediting the required amounts to the respective accounts noted above and after making up any deficiency in the above accounts. Then, at the discretion of the Corporate Authorities, the funds shall be used, if at all, for one or more of the following purposes:

- (1) For the purpose of paying any Project costs or
- (2) For the purpose of purchasing Outstanding Bonds or
- (3) For the purpose of paying for other redevelopment costs and projects within the Project Area or
- (4) For the purpose of distributing funds to the taxing districts or municipal corporations having power to tax real property located in the Project Area, in accordance with the TIF Act
- (5) For any other lawful corporate purpose

General Fund

The General Obligation Bonds, Series 2001 require the funding of a Debt Service account with taxes levied to be used for the sole purpose of paying principal of and interest on the Bonds. As of April 30, 2011, the account was funded as required by the ordinance. In addition, there are other restricted accounts relating to law enforcement.

General Fund

Cash:	
2001 Debt Service	\$ 26,113
Crime Prevention	611
Drug Asset Forfeiture	1,791
DUI Equipment	3,785
Police Vehicle Fees	<u>17,211</u>
Total	<u>\$ 49,511</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT

Governmental activities

Tax Increment Financing General Obligation Bonds (Alternate Revenue Source)

The Village issued bonds where the Village pledges incremental tax income derived from a separately created tax increment financing district. The Village pays debt service expenditures from increment sales and income tax and property taxes collected within the Tax Increment Financing District. Tax increment financing bonds currently outstanding are as follows:

\$690,000 Tax Increment General Obligation Bonds (Alternative Revenue Source), Series 2009 dated October 27, 2009 payable through August 1, 2015 in various amounts ranging from \$110,000 to \$125,000; interest rates ranging from 1.3% to 3.0% \$ 580,000

Future principal and interest payments on the tax increment financing general obligation bonds (alternate revenue source) are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 110,000	\$ 13,113	\$ 123,113
2013	110,000	11,023	121,023
2014	115,000	8,459	123,459
2015	120,000	5,400	125,400
2016	<u>125,000</u>	<u>1,875</u>	<u>126,875</u>
Total	<u>\$ 580,000</u>	<u>\$ 39,870</u>	<u>\$ 619,870</u>

General Obligation Bonds

\$390,000 General Obligation Bonds (Series 2001) payable through December 30, 2016 in various amounts ranging from \$28,000 to \$36,000; interest rates ranging from 4.3% to 5.00% \$ 193,000

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

General Obligation Bonds – Continued

Future principal and interest payments on general obligation bonds are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 28,000	\$ 9,650	\$ 37,650
2013	30,000	8,250	38,250
2014	31,000	6,750	37,750
2015	33,000	5,200	38,200
2016	35,000	3,550	38,550
2017	36,000	1,800	37,800
Total	<u>\$ 193,000</u>	<u>\$ 35,200</u>	<u>\$ 228,200</u>

Capital Leases

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased asset (squad car) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$17,142 at April 30, 2011. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2011:

Year ended April 30,	
2012	\$ 8,914
2013	<u>3,349</u>
Future minimum lease payments	12,263
Less: Amount representing interest	<u>221</u>
Present value of minimum lease payments	<u>\$ 12,042</u>

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased assets (squad cars, farm loader, mower, tractor, and truck) and related obligation are accounted for as governmental activities. The assets under the capital lease net of depreciation totaled \$46,923 at April 30, 2011. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2011:

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

Capital Leases – Continued

Year ended April 30, 2012	\$ 7,661
Future minimum lease payments	7,661
Less: Amount representing interest	217
Present value of minimum lease payments	<u>\$ 7,444</u>

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased assets (three squad cars) and related obligation are accounted for as governmental activities. The assets under the capital lease net of depreciation totaled \$30,507 at April 30, 2011. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2011:

Year ended April 30, 2012	\$ 5,586
Future minimum lease payments	5,586
Less: Amount representing interest	32
Present value of minimum lease payments	<u>\$ 5,554</u>

Following is a summary of the changes that occurred to the liabilities reported in the governmental activities of the Village for the year ended April 30, 2011.

	Balance <u>May 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>April 30, 2011</u>
G.O. bonds	\$ 220,000	\$ -	\$ 27,000	\$ 193,000
TIF G.O. bonds	690,000	-	110,000	580,000
Capital lease	84,155	-	59,115	25,040
Net pension obligation	879,641	-	3,349	876,292
Net OPEB obligation	50,072	53,622	-	103,694
Compensated absences	271,526	307,850	271,526	307,850
	<u>\$ 2,195,394</u>	<u>\$ 361,472</u>	<u>\$ 470,990</u>	<u>\$ 2,085,876</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

Following are governmental activities obligations due within one year:

G.O. bonds	\$ 28,000
TIF G.O. bonds	110,000
Capital lease	21,707
Compensated absences	<u>307,850</u>
Total	<u>\$ 467,557</u>

The amount available for retirement of governmental long-term debt is made up of the following:

2001 Debt Service (General Fund)	\$ 26,113
Restricted Cash (TIF Debt Service Fund)	<u>114,995</u>
	<u>\$ 141,108</u>

Business-type activities

General Obligation Bonds (Alternate Revenue Source)

\$3,410,000 Electric General Obligation Bonds (Alternate Revenue Source), Series 2006, for the construction of an electric substation, payable through November 1, 2026 in various amounts ranging from \$130,000 to \$245,000; interest rates ranging from 3.69% to 4.19%	\$ 2,930,000
\$1,500,000 Electric General Obligation Bonds (Alternate Revenue Source), Series 2008, for construction and improvements of the electric system, payable through November 1, 2028 in various amounts ranging from \$55,000 to \$115,000; interest rates ranging from 3.10% to 5.00%	<u>1,445,000</u>
Total General Obligation Bonds (Alternate Revenue Source)	<u>\$ 4,375,000</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Business-type activities – Continued

General Obligation Bonds (Alternate Revenue Source) – Continued

Future principal and interest payments on the general obligation (alternate revenue source) bonds are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 185,000	\$ 179,842	\$ 364,842
2013	200,000	173,340	373,340
2014	205,000	166,064	371,064
2015	210,000	158,421	368,421
2016	220,000	150,471	370,471
2017 - 2021	1,245,000	615,849	1,860,849
2022 - 2026	1,535,000	337,134	1,872,134
2027 - 2029	<u>575,000</u>	<u>43,556</u>	<u>618,556</u>
Total	<u>\$ 4,375,000</u>	<u>\$ 1,824,677</u>	<u>\$ 6,199,677</u>

Debt Certificates

\$200,000 Electric Debt Certificates, Series 2010,  
 payable through May 1, 2015; interest rate 3.75% \$ 200,000

Total Debt Certificates \$ 200,000

Future principal and interest payments on the debt certificates are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 35,000	\$ 6,844	\$ 41,844
2013	40,000	5,438	45,438
2014	40,000	3,938	43,938
2015	40,000	2,438	42,438
2016	<u>45,000</u>	<u>844</u>	<u>45,844</u>
Total	<u>\$ 200,000</u>	<u>\$ 19,502</u>	<u>\$ 219,502</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Lines of Credit

\$500,000 line of credit from a local bank bearing interest at 2.75%, interest due monthly. The line matures November, 14, 2011.	<u>\$ 175,000</u>
Total Line of Credit	<u>\$ 175,000</u>

Capital Lease

The Village is obligated under one equipment lease accounted for as a capital lease. The leased asset (truck and valve machine) and related obligation are accounted for as business-type activities. The asset under the capital lease net of depreciation totaled \$40,180 at April 30, 2011. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2011:

Year ended April 30,		
2012	\$	11,643
2013		11,643
2014		11,643
2015		<u>7,755</u>
Future minimum lease payments		42,684
Less: Amount representing interest		<u>2,535</u>
Present value of minimum lease payments	\$	<u>40,149</u>

The Village is obligated under one equipment lease accounted for as a capital lease. The leased asset (vacuum trailer) and related obligation are accounted for as business-type activities. The asset under the capital lease net of depreciation totaled \$41,054 at April 30, 2011. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2011:

Year ended April 30,		
2012	\$	14,421
2013		14,421
2014		<u>14,364</u>
Future minimum lease payments		43,206
Less: Amount representing interest		<u>1,456</u>
Present value of minimum lease payments	\$	<u>41,750</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Capital Lease – Continued

The Village is obligated under one equipment lease accounted for as a capital lease. The leased asset (caterpillar wheel loader) and related obligation are accounted for as business-type activities. The asset under the capital lease net of depreciation totaled \$88,630 at April 30, 2011. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2011:

Year ended April 30, 2012	\$ <u>56,671</u>
Future minimum lease payments	56,671
Less: Amount representing interest	<u>1,152</u>
Present value of minimum lease payments	<u>\$ 55,519</u>

The Village is obligated under one equipment lease accounted for as a capital lease. The leased asset (mapping unit) and related obligation are accounted for as business-type activities. The asset under the capital lease net of depreciation totaled \$11,429 at April 30, 2011. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2011:

Year ended April 30, 2012	\$ <u>3,571</u>
Future minimum lease payments	3,571
Less: Amount representing interest	<u>-</u>
Present value of minimum lease payments	<u>\$ 3,571</u>

Following is a summary of the changes that occurred to the liabilities reported in the business-type activities of the Village for the year ended April 30, 2011.

	<u>Balance</u> <u>May 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2011</u>
G.O. bonds (Alternate Revenue Source)	\$ 4,555,000	\$ -	\$ 180,000	\$ 4,375,000
Debt certificates	2,967,418	-	2,767,418	200,000
Line of Credit	1,391,223	8,777	1,225,000	175,000
Capital leases	50,294	145,515	54,820	140,989
Net OPEB obligation	20,706	21,052	-	41,758
Compensated absences	<u>143,604</u>	<u>167,945</u>	<u>143,604</u>	<u>167,945</u>
	<u>\$ 9,128,245</u>	<u>\$ 343,289</u>	<u>\$ 4,370,842</u>	<u>\$ 5,100,692</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Following are business-type activities obligations due within one year:

G.O. bonds (Alternate Revenue Source)	\$ 185,000
Debt certificates	35,000
Line of Credit	175,000
Capital leases	83,090
Compensated absences	<u>167,945</u>
Total	<u>\$ 646,035</u>

7. INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2011 consist of:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Electric Fund	\$ -	\$ 122,157
Waterworks and Sewerage Fund	383	-
Aggregate Nonmajor Governmental Funds	<u>-</u>	<u>12,723</u>
	<u>383</u>	<u>134,880</u>
Aggregate Nonmajor Governmental Funds:		
General Fund	12,723	-
Electric Fund	379	-
Aggregate Nonmajor Governmental Funds	<u>360</u>	<u>360</u>
	<u>13,462</u>	<u>360</u>
Electric Fund:		
General Fund	122,157	-
Waterworks and Sewerage Fund	155,946	-
Aggregate Nonmajor Governmental Funds	<u>-</u>	<u>379</u>
	<u>278,103</u>	<u>379</u>
Waterworks and Sewerage Fund:		
General Fund	-	383
Electric Fund	<u>-</u>	<u>155,946</u>
	<u>-</u>	<u>156,329</u>
Total	<u>\$ 291,948</u>	<u>\$ 291,948</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

7. INTERFUND BALANCES – Continued

The purposes of the interfund receivable and payable balances are as follows:

- \$122,157 due from the General fund to the Electric fund. This balance relates to the remaining balance of the interfund loan. The Village expects the obligation will be liquidated within one year.
- \$383 due to the General fund from the Waterworks and Sewerage fund. This balance relates to accrued but unpaid transfers for payroll costs. The Village expects the obligation will be liquidated within one year.
- \$12,723 due from the General fund to Aggregate nonmajor governmental funds. This balance relates to accrued but unpaid transfers to the Police and public works utility tax fund for telecommunication fees. The Village expects the obligation will be liquidated within one year.
- \$379 due from the Electric fund to Aggregate nonmajor governmental funds. This balance relates to accrued but unpaid transfers to the Yard waste fund for yard waste receipts. The Village expects the obligation will be liquidated within one year.
- \$360 due from other funds to Aggregate nonmajor governmental funds. This balance relates to accrued but unpaid transfers from the Cemetery fund to the Cemetery Trust fund for lot sales. The Village expects the obligation will be liquidated within one year.
- \$155,946 due from the Waterworks and sewerage fund to the Electric fund. This balance relates to the remaining balance of the loan to the Waterworks and sewerage fund to cover operating expenses.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor Governmental Funds	\$ -	\$ 96,000
TIF District Fund:		
Nonmajor Governmental Funds	-	175,344
Nonmajor Governmental Funds:		
General Fund	96,000	-
TIF District Fund	175,344	-
	<u>271,344</u>	<u>-</u>
Total interfund transfers	<u>\$ 271,344</u>	<u>\$ 271,344</u>

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

7. INTERFUND BALANCES – Continued

The purposes of interfund transfers are as follows:

- \$96,000 transferred from the General Fund to nonmajor governmental funds. This amount relates to a transfer to the Capital projects fund for future capital projects. The transfers will not be repaid.
- \$175,344 transferred from the TIF District Fund to nonmajor governmental funds. This amount relates to a transfer to the TIF District debt service fund for debt service payments. The transfers will not be repaid.

8. RETIREMENT PLANS

Plan descriptions

Illinois Municipal Retirement Fund

*Plan Description.* The Village of Chatham'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 Village'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 for the plan as a whole, but not for individual employers. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. RETIREMENT PLANS – Continued

Illinois Municipal Retirement Fund – Continued

*Funding Policy.* As set by statute, the Village’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 2010 was 12.55 percent. The Village 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, which the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* The required contribution for the fiscal year ending April 30, 2011 was \$258,937.

Three-Year Trend Information for Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/2011	\$ 258,937	100%	\$ -
4/30/2010*	240,050	100%	-
12/31/2008	207,901	100%	-

\*Beginning in fiscal year 2010, the trend information reflects contributions for the Village’s fiscal year, rather than the IMRF fiscal year.

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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 Village’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 Village’s Regular plan’s unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

8. RETIREMENT PLANS – Continued

Illinois Municipal Retirement Fund – Continued

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 64.50 percent funded. The actuarial accrued liability for benefits was \$6,166,795 and the actuarial value of assets was \$3,977,418, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,189,377. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$2,127,991 and the ratio of the UAAL to covered payroll was 102.88 percent.

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

Police Pension Fund

*Plan Description.* Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single employer pension plan. The plan issues an annual report to the Illinois Department of Insurance; however, they do not issue their own stand-alone financial statements. The Village accounts for the plan as a pension trust fund. Although this is a single employer pension plan, the defined benefits, as well as the employee and employer contribution levels, are mandated by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. Plan members' contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions.

The Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 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 original pension and 3% compounded annually thereafter.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. RETIREMENT PLANS – Continued

Police Pension Fund – Continued

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Funding Policy.* Covered employees are required to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village's annual contribution to the plan is provided by property tax levy. These taxes are required to be of an amount necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, The Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan.

*Annual Pension Cost and Net Pension Asset.* The Village's annual pension cost and net pension asset to the Police Pension Plan for the most current year (April 30, 2011) were as follows:

Annual required contributions	\$ 288,172
Interest on net pension asset	57,177
Adjustments to annual required contribution	<u>(65,682)</u>
Annual pension cost	279,667
Annual contributions made	<u>283,016</u>
Change in net pension obligation	(3,349)
Net pension obligation (asset), beginning of year	<u>879,641</u>
Net pension obligation (asset), end of year	<u><u>\$ 876,292</u></u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. RETIREMENT PLANS – Continued

Three-Year Trend Information for Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/2011	\$ 279,667	101.20%	\$ 876,292
4/30/2010	265,449	92.13%	879,641
4/30/2009	238,878	86.70%	858,761

The annual required contribution was determined as part of the May 1, 2009 actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 6.50 percent investment rate of return and (b) projected salary increases ranging from 1.12 to 4.86 percent. Both (a) and (b) included an inflation component of 2.5 percent and cost of living increases of 3 percent. 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 three-year period. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at the May 1, 2009 actuarial valuation date was 28 years.

*Funding Status and Funding Progress.* As of May 1, 2010, the most recent actuarial valuation date, the Police Pension Plan was 74.97 percent funded. The actuarial accrued liability for benefits was \$5,688,963 and the actuarial value of assets was \$4,265,167, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,423,796. The covered payroll of active employees covered by the plan was \$899,640 and the ratio of the UAAL to the covered payroll was 158.26 percent.

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

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care 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 Village and can be amended by the Village 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.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

9. OTHER POST-EMPLOYMENT BENEFITS – Continued

Benefits Provided

The Village provides post retirement health benefits, as per the requirements of local ordinances and labor agreements.

Retirees covered under the International Brotherhood of Electrical Workers, Local Number 51 and the International Union of Operating Engineers, Local 965 AFL-CIO, are eligible to continue their health care coverage with the Village's carrier. The Village will pay the retirees single medical insurance coverage provided the employee is not eligible from other sources as per the following schedule upon retirement until said employee is eligible for Medicare benefits. If the employee is eligible for coverage from other sources the Village will pay that amount provided it does not exceed the amount the Village regularly pays for single member premium coverage. If the premium contribution exceeds the costs of the Village contribution, the retiree will be eligible to remain on the Village plan. To be eligible for this benefit, the retiree shall be at least fifty-five years of age and has been an employee of the Village for a minimum of 10 years.

- 10 years of employment with the Village = 25% of single medical coverage premium
- 15 years of employment with the Village = 50% of single medical coverage premium
- 20 years of employment with the Village = 100% of single medical coverage premium

All other Village retirees are eligible to continue their health coverage with the Village's carrier, provided the employee has completed a minimum of 20 years of service and is not eligible for equal insurance from another source. The Village will pay the cost for medical insurance until the retiree is eligible for Medicare.

Membership

At May 1, 2009 (latest information available), membership consisted of:

Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	53
Active nonvested plan members	-
	<hr/>
TOTAL	54
	<hr/>
Participating employers	1
	<hr/> <hr/>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

9. OTHER POST-EMPLOYMENT BENEFITS – Continued

Funding Policy

The Village negotiates the contribution percentages between the Village and employees through union contracts and personnel policy. The Village contributes the cost of providing the benefits to the retirees via the insured plan (pay as you go). For the fiscal year ended April 30, 2011, the Village contributed \$5,315.

Annual OPEB costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of May 1, 2009 to determine the funded status of the Plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2011. Because the Village has fewer than 200 participants, a valuation is performed every three years in accordance with GAAP. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2010 and 2011 was as follows (information for fiscal year 2009 is not available as an actuarial valuation was performed for the first time as of May 1, 2009):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	\$ 78,809	\$ 8,031	10.19%	\$ 70,778
April 30, 2011	\$ 79,989	\$ 5,315	6.64%	\$ 145,452

The net OPEB obligation (NOPEBO) at April 30, 2011 was calculated as follows:

Annual required contribution	\$ 78,809
Interest on net OPEB obligation	3,539
Adjustment to annual required contribution	<u>(2,359)</u>
Annual OPEB cost	79,989
Contributions made	<u>5,315</u>
Increase (decrease) in net OPEB obligation	74,674
Net OPEB obligation beginning of year	<u>70,778</u>
NET OPEB OBLIGATION END OF YEAR	<u>\$ 145,452</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

9. OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB costs and Net OPEB Obligation – Continued

*Funded Status and Funding Progress.* The funded status of the plan as of May 1, 2009 (latest information available), was as follows:

Actuarial accrued liability (AAL)	\$ 764,588
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 764,588
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,914,377
UAAL as a percentage of covered payroll	26.24%

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.

*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 May 1, 2009 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return and an annual healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 6.0%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Village has not advanced 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, 2010, was 30 years.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

10. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To insure against the losses, the Village participates in the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool with transfers of risk. The Village pays an annual premium to IMLRMA for its coverage. Employee health risks are insured through the purchase of a commercial insurance plan. Settled claims have not exceeded this coverage in any of the past three fiscal years.

11. JOINT VENTURE

During fiscal year 2009, the Village, along with the Village of New Berlin, Illinois, established the South Sangamon Water Commission. The Commission is a municipal corporation established pursuant to the provisions of the Water Commission Act of the State of Illinois (65 ILCS 5/11-135-1 et. seq.) for the purpose of constructing and operating a water supply distribution system serving its customers. During fiscal year 2011, the Village received reimbursement of expenses from the proceeds of debt issued by the Commission. The Village assigned to the Commission, the Village's right, title and interest in the water treatment and transmission system.

During fiscal year 2010, the Village and the Water Commission entered into an intergovernmental agreement for the Village to be the lead agency for the construction of the water transmission lines and raw water mains portion of the project. All costs incurred by the Village shall be paid by the Commission from the bond proceeds of the anticipated revenue or alternate revenue bond issue with respect to the project. During fiscal year 2011 the Commission reimbursed the Village for \$4,992,034 of expenses relating to the system.

During fiscal year 2010, the Village entered into a wholesale water agreement with the South Sangamon Water Commission whereby the Water Commission will supply water to the Village until December 31, 2040, or 5 years after the expiration of the original issue of the Commission's bonds, whichever is later. The agreement shall become effective once the IEPA issues all required operating permits and the treatment plant commences operation.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

11. JOINT VENTURE – Continued

The Commission's fiscal year end is April 30. Separate financial statements are available for the Commission by contacting the South Sangamon Water Commission. Summarized financial information of the Commission as of and for the year ended April 30, 2011, follows:

Statement of Net Assets Information

Assets:	
Current assets	\$ 247
Restricted assets	10,360,092
Property and equipment, net	19,742,352
Other assets	<u>735,774</u>
Total assets	<u>\$ 30,838,465</u>
Liabilities and net assets:	
Current liabilities	\$ 2,130,883
Noncurrent liabilities	28,423,500
Net assets	<u>284,082</u>
Total liabilities and net assets	<u>\$ 30,838,465</u>

Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenue	\$ -
Operating expenses	<u>18,860</u>
Operating net loss	<u>(18,860)</u>
Nonoperating revenue	19,135
Capital contributions	285,973
Change in net assets	286,248
Net assets, beginning	<u>(2,166)</u>
Net assets, ending	<u>\$ 284,082</u>

12. OTHER RECEIVABLES

Other receivables consist of the following as of April 30, 2011:

Telecommunication tax receivable	\$ 84,161
Franchise tax receivable	41,004
Other receivables	<u>25,736</u>
Total	<u>\$ 150,901</u>

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

13. DEVELOPMENT ASSISTANCE

The Village has entered into an agreement with a private organization to encourage economic development in the Village. This agreement provides for a rebating of a portion of sales tax generated by the organization up to a maximum of \$30,000 per year. The agreement expires upon the earliest of (1) the payment of \$90,000 to the organization, or (2) the passage of 3 years following the month the organization's store opens. The organization opened for business in November 2007. Rebates totaling \$90,000 were paid to the organization as of April 30, 2011.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF CHATHAM, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/10	\$ 3,977,418	\$ 6,166,795	\$ 2,189,377	64.50%	\$ 2,127,991	102.88%
12/31/09	3,522,489	5,224,833	1,702,344	67.42%	1,965,543	86.61%
12/31/08	3,192,947	4,740,507	1,547,560	67.35%	1,928,583	80.24%
12/31/07	3,081,385	4,070,608	989,223	75.70%	1,745,797	56.66%
12/31/06	2,597,274	3,245,899	648,625	80.02%	1,522,720	42.60%
12/31/05	2,347,003	2,793,452	446,449	84.02%	1,390,837	32.10%

VILLAGE OF CHATHAM, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2011

<u>Year Ending</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
4/30/11	\$ 258,937	\$ 258,937	100.00%
4/30/10	240,050	240,050	100.00%
12/31/08	207,901	207,901	100.00%
12/31/07	177,722	177,722	100.00%
12/31/06	155,926	155,926	100.00%
12/31/05	133,659	133,659	100.00%

**VILLAGE OF CHATHAM, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**POLICE PENSION TRUST FUND**

April 30, 2011

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL (Overfunded) As a Percentage of Covered Payroll (4) / (5)
5/1/2010	\$ 4,265,167	\$ 5,688,963	74.97%	\$ 1,423,796	\$ 899,640	158.26%
5/1/2009	3,778,387	5,104,866	74.02%	1,326,479	899,045	147.54%
5/1/2008	3,311,578	4,447,685	74.46%	1,136,107	852,267	133.30%
5/1/2007	2,892,468	3,896,810	74.23%	1,004,342	777,044	129.25%
5/1/2006	2,511,176	3,848,328	65.25%	1,337,152	727,226	183.87%
5/1/2005	2,155,665	3,425,308	62.93%	1,269,643	690,979	183.75%

Note: The Village has elected to have biennial valuations performed for the Police Pension Plan. Each valuation provides two years of data.

VILLAGE OF CHATHAM, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 POLICE PENSION TRUST FUND

April 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 283,016	\$ 288,172	98.21%	\$ 876,292
2010	244,569	272,172	89.86%	879,641
2009	207,109	244,507	84.70%	858,761
2008	164,776	210,929	78.12%	826,992
2007	141,942	217,815	65.17%	785,635
2006	114,858	217,815	52.73%	713,578

Note: The Village has elected to have biennial valuations performed for the Police Pension Plan.  
 Each valuation provides two years of data.

**VILLAGE OF CHATHAM, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**April 30, 2011**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
4/30/11	N/A	N/A	N/A	N/A	N/A	N/A
4/30/10	N/A	N/A	N/A	N/A	N/A	N/A
4/30/09	-	764,588	764,588	0.00%	2,914,377	26.24%
N/A	Information is not available as an actuarial valuation was not performed.					

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010. Information for prior years is not available and the Village did not have an actuarial valuation performed as of April 30, 2010 or April 30, 2011.

VILLAGE OF CHATHAM, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST-EMPLOYMENT BENEFITS PLAN

April 30, 2011

<u>Fiscal Year Ending</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 5,315	\$ 78,809	6.74%	\$ 145,452
2010	8,031	78,809	10.19%	70,778

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010. Information for prior years is not available.

VILLAGE OF CHATHAM, ILLINOIS  
General Fund

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Property taxes	\$ 915,000	\$ 915,000	\$ 878,496
Replacement tax	-	-	2,748
Road and bridge taxes	58,000	58,000	56,786
Sales taxes	775,000	775,000	764,864
Income taxes	793,000	793,000	802,511
Local use tax	127,000	127,000	141,818
Telecommunications tax	280,000	280,000	247,890
Franchise fees	208,000	208,000	209,840
Business licenses	18,500	18,500	16,650
Building and zoning fees	65,500	65,500	62,466
Fines	43,000	43,000	61,931
Recreation program fees and contributions	16,500	16,500	19,039
Charges for services	65,000	65,000	32,061
Administration fee	214,000	214,000	214,000
Investment income	1,500	1,500	697
Other	40,400	40,400	186,379
State grants	-	-	30,586
	<u>3,620,400</u>	<u>3,620,400</u>	<u>3,728,762</u>
<b>EXPENDITURES</b>			
General government:			
Salaries and overtime	242,500	241,250	239,492
Village officials	54,000	54,000	51,828
Other payroll expenditures	95,800	94,550	92,403
Travel and training	7,500	7,500	6,388
Legal fees	57,500	34,505	28,859
Professional services	140,500	155,500	140,035
Accounting and auditing fees	2,300	2,300	900
Building and grounds maintenance	13,700	16,700	15,529
Program expenditures	-	4,455	4,455
Vehicle and equipment maintenance	5,600	8,150	7,684
Office expenditures	25,060	21,510	19,402
General insurance	16,000	16,040	16,000
Refunds	1,200	5,200	4,962
Sales tax incentive	30,000	30,000	30,000
	<u>691,660</u>	<u>691,660</u>	<u>657,937</u>
Total general government			(continued)

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
General Fund

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	Original Budget	Final Budget	Actual
<b>Cemetery:</b>			
Salaries and overtime	\$ 32,600	\$ 34,600	\$ 34,347
Other payroll expenditures	5,900	5,900	5,893
Building and grounds maintenance	5,390	3,390	3,369
	<u>43,890</u>	<u>43,890</u>	<u>43,609</u>
<b>Total cemetery</b>			
<b>Culture and recreation:</b>			
Salaries and overtime	216,370	228,370	228,053
Other payroll expenditures	66,680	69,680	69,317
Building and grounds maintenance	38,220	37,220	33,907
Program expenditures	14,000	16,500	16,168
4th of July	-	5,000	5,000
Vehicle and equipment maintenance	24,500	28,500	27,967
Office expenditures	2,850	3,050	2,187
Equipment purchase	5,000	19,300	9,704
Uniforms and supplies	4,650	6,150	5,509
Operating supplies	200	200	135
	<u>372,470</u>	<u>413,970</u>	<u>397,947</u>
<b>Total culture and recreation</b>			
<b>Public safety:</b>			
Salaries and overtime	1,181,370	1,159,370	1,151,284
Other payroll expenditures	397,480	384,480	382,616
Travel and training	7,500	7,500	5,648
Professional services	7,000	6,000	4,720
Building and grounds maintenance	5,420	5,420	4,134
Vehicle and equipment maintenance	39,500	56,500	55,094
Office expenditures	35,300	41,300	38,764
General insurance	34,000	34,000	34,000
Emergency services	6,600	4,600	2,533
Equipment purchase	18,800	43,481	42,585
Pension contribution	265,000	283,100	283,016
Uniforms and supplies	23,500	22,500	21,728
Crime prevention	2,000	2,000	887
	<u>2,023,470</u>	<u>2,050,251</u>	<u>2,027,009</u>
<b>Total public safety</b>			

(continued)

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
General Fund

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	Original Budget	Final Budget	Actual
Public works/transportation:			
Employee salaries and overtime	\$ 286,370	\$ 274,670	\$ 253,692
Other payroll expenditures	125,580	127,580	126,154
Professional services	7,000	7,000	1,405
Building and ground maintenance	8,560	3,560	2,134
Vehicle and equipment maintenance	82,600	75,600	72,188
General insurance	16,000	16,000	16,000
Equipment purchase	9,000	6,000	3,482
Uniforms and supplies	13,000	13,000	10,688
Street maintenance	14,000	11,000	6,796
Operating supplies	5,000	5,500	4,671
Office expenditures	1,800	1,800	1,510
Total public works/transportation	568,910	541,710	498,720
Debt service			
Principal	27,000	27,000	27,000
Interest	11,000	11,000	10,811
Total debt service	38,000	38,000	37,811
Total expenditures	3,738,400	3,779,481	3,663,033
EXCESS OR DEFICIENCIES OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(118,000)	(159,081)	65,729
OTHER FINANCING SOURCES (USES)			
Transfer out	(96,000)	(96,000)	(96,000)
Total other financing (uses)	(96,000)	(96,000)	(96,000)
NET CHANGE IN FUND BALANCE	\$ (214,000)	\$ (255,081)	(30,271)
FUND BALANCE - MAY 1, 2010			411,918
FUND BALANCE - APRIL 30, 2011			\$ 381,647 (concluded)

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
TIF District Fund

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Property taxes	\$ 480,000	\$ 480,000	\$ 473,880
Investment income	5,000	5,000	1,937
Total revenues	<u>485,000</u>	<u>485,000</u>	<u>475,817</u>
<b>EXPENDITURES</b>			
General government	10,600	7,100	6,563
Economic development	96,000	134,000	130,747
Total expenditures	<u>106,600</u>	<u>141,100</u>	<u>137,310</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>			
	<u>378,400</u>	<u>343,900</u>	<u>338,507</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out	<u>(175,344)</u>	<u>(175,344)</u>	<u>(175,344)</u>
Total other financing sources (uses)	<u>(175,344)</u>	<u>(175,344)</u>	<u>(175,344)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 203,056</u></u>	<u><u>\$ 168,556</u></u>	163,163
<b>FUND BALANCE - MAY 1, 2010</b>			<u>171,143</u>
<b>FUND BALANCE - APRIL 30, 2011</b>			<u><u>\$ 334,306</u></u>

See accompanying Independent Auditors' Report.

VILLAGE OF CHATHAM, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

- (a) Budget - The President and Board of Trustees legally enact the budget through passage of an ordinance which is developed on the modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Fund and the accrual basis of accounting for the Proprietary Funds and the Fiduciary Funds. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by operational line item which constitutes the legal level of control. Expenditures may not exceed appropriations. All budget revisions must be approved by the Board of Trustees. The budget lapses at year end. The Village has adopted an annual budget for all funds. The Village approved a budget amendment during the fiscal year.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**

VILLAGE OF CHATHAM, ILLINOIS  
 Nonmajor Governmental Funds

COMBINING BALANCE SHEET

April 30, 2011

	Motor Fuel Tax	Special Revenue			Police and Public Works Utility Tax	Debt Service TIF District	Capital Projects Capital Projects	Permanent Cemetery Trust	Total
		Cemetery	Veteran's Memorial Brick	Yard Waste					
Cash and cash equivalents	\$ 72,259	\$ 9,802	\$ 9,597	\$ 99,457	\$ 27,951	\$ -	\$ 103,035	\$ 106,440	\$ 428,541
Restricted accounts - cash	-	-	-	-	-	114,995	-	-	114,995
Investments	-	-	-	-	-	-	-	200,000	200,000
Taxes receivable	24,244	-	-	-	-	-	-	-	24,244
Other receivables	-	-	-	5,596	-	-	-	5,959	11,555
Due from other funds	-	-	-	379	12,723	-	-	360	13,462
Due from other governments	-	-	-	-	-	-	30,695	-	30,695
Total current assets	96,503	9,802	9,597	105,432	40,674	114,995	133,730	312,759	823,492
<b>TOTAL ASSETS</b>	<b>\$ 96,503</b>	<b>\$ 9,802</b>	<b>\$ 9,597</b>	<b>\$ 105,432</b>	<b>\$ 40,674</b>	<b>\$ 114,995</b>	<b>\$ 133,730</b>	<b>\$ 312,759</b>	<b>\$ 823,492</b>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 179	\$ -	\$ -	\$ 2,340	\$ -	\$ -	\$ -	\$ -	\$ 2,519
Due to other funds	-	360	-	-	-	-	-	-	360
<b>TOTAL LIABILITIES</b>	<b>179</b>	<b>360</b>	<b>-</b>	<b>2,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,879</b>
<b>FUND BALANCE</b>									
Reserved for maintenance of roadways	96,324	-	-	-	-	-	-	-	96,324
Reserved for cemetery care	-	-	-	-	-	-	-	253,088	253,088
Reserved for debt service	-	-	-	-	-	114,995	-	-	114,995
Unreserved and undesignated	-	-	-	-	-	-	-	-	-
Special revenue	-	9,442	9,597	103,092	40,674	-	-	-	162,805
Capital projects	-	-	-	-	-	-	133,730	-	133,730
Permanent	-	-	-	-	-	-	-	59,671	59,671
Total fund balance	96,324	9,442	9,597	103,092	40,674	114,995	133,730	312,759	820,613
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 96,503</b>	<b>\$ 9,802</b>	<b>\$ 9,597</b>	<b>\$ 105,432</b>	<b>\$ 40,674</b>	<b>\$ 114,995</b>	<b>\$ 133,730</b>	<b>\$ 312,759</b>	<b>\$ 823,492</b>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
 Nonmajor Governmental Funds

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE

For the Year Ended April 30, 2011

	Motor Fuel Tax	Cemetery	Special Revenue		Police and Public Works Utility Tax	Debt Service TIF District	Capital Projects Capital Projects	Permanent Cemetery Trust	Total
			Veteran's Memorial Brick	Yard Waste					
REVENUES									
Motor fuel taxes	\$ 317,978	-	-	\$ -	-	-	-	\$ -	\$ 317,978
Telecommunications tax	-	-	-	-	61,972	-	-	-	61,972
Fees and service charges	-	13,500	900	57,544	-	-	-	26,047	97,991
State grants	-	-	-	-	-	-	24,331	-	24,331
Investment income	112	76	32	435	39	199	173	3,886	4,952
Total revenues	318,090	13,576	932	57,979	62,011	199	24,504	29,933	507,224
EXPENDITURES									
Current									
Cemetery	-	12,250	-	-	-	-	-	800	13,050
Culture and recreation	-	-	1,164	-	21,422	-	-	-	22,586
Public safety	-	-	-	-	32,408	-	-	-	32,408
Public works/transportation	288,955	-	-	39,336	8,712	-	-	-	337,003
Capital outlay	-	-	-	-	-	-	66,933	-	66,933
Debt service:									
Principal	-	-	-	-	-	110,000	-	-	110,000
Interest	-	-	-	-	-	14,763	-	-	14,763
Total expenditures	288,955	12,250	1,164	39,336	62,542	124,763	66,933	800	596,743
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	29,135	1,326	(232)	18,643	(531)	(124,564)	(42,429)	29,133	(89,519)
OTHER FINANCING SOURCES (USES)									
Transfer in	-	-	-	-	-	175,344	96,000	-	271,344
Total other financing sources (uses)	-	-	-	-	-	175,344	96,000	-	271,344
NET CHANGE IN FUND BALANCE	29,135	1,326	(232)	18,643	(531)	50,780	53,571	29,133	181,825
FUND BALANCE - MAY 1, 2010	67,189	8,116	9,829	84,449	41,205	64,215	80,159	283,626	638,788
FUND BALANCE - APRIL 30, 2011	\$ 96,324	\$ 9,442	\$ 9,597	\$ 103,092	\$ 40,674	\$ 114,995	\$ 133,730	\$ 312,759	\$ 820,613

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	Motor Fuel Tax		Cemetery		Veteran's Memorial Brick		Yard Waste		Police and Public Works Utility Tax	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
<b>REVENUES</b>										
Motor fuel tax	\$ 275,850	\$ 317,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telecommunications tax	-	-	-	-	-	-	-	-	-	-
Fees and service charges	-	-	-	-	550	900	59,000	57,544	75,000	61,972
Grave openings and closings	-	-	9,450	12,450	-	-	-	-	-	-
Cornerstone sales	-	-	600	1,050	-	-	-	-	-	-
Investment income	-	112	100	76	60	32	400	435	100	39
Total revenues	<u>275,850</u>	<u>318,090</u>	<u>10,150</u>	<u>13,576</u>	<u>610</u>	<u>932</u>	<u>59,400</u>	<u>57,979</u>	<u>75,100</u>	<u>62,011</u>
<b>EXPENDITURES</b>										
Street maintenance and improvements	292,301	288,955	-	-	-	-	-	-	-	-
Yard waste supplies and services	-	-	-	-	-	-	49,000	39,002	-	-
Professional services	19,254	-	-	-	-	-	-	-	-	-
Office expenses and refunds	-	-	-	-	-	-	1,000	334	-	-
Building and grounds maintenance	-	-	12,800	12,250	-	1,164	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>311,555</u>	<u>288,955</u>	<u>12,800</u>	<u>12,250</u>	<u>1,610</u>	<u>1,164</u>	<u>50,000</u>	<u>39,336</u>	<u>87,543</u>	<u>62,542</u>
NET CHANGE IN FUND BALANCE	\$ (35,705)	\$ 29,135	\$ (2,650)	\$ 1,326	\$ (1,000)	\$ (232)	\$ 9,400	\$ 18,643	\$ (12,443)	\$ (531)
FUND BALANCE - MAY 1, 2010		67,189		8,116		9,829		84,449		41,205
FUND BALANCE - APRIL 30, 2011		<u>\$ 96,324</u>		<u>\$ 9,442</u>		<u>\$ 9,597</u>		<u>\$ 103,092</u>		<u>\$ 40,674</u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
Debt Service Fund

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	TIF District	
	Final Budget	Actual
<b>REVENUES</b>		
Investment income	\$ 1,000	\$ 199
Total revenues	1,000	199
<b>EXPENDITURES</b>		
Debt service:		
Principal	110,000	110,000
Interest	15,000	14,763
Total expenditures	125,000	124,763
<b>(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>		
	(124,000)	(124,564)
<b>OTHER FINANCING SOURCES</b>		
Transfer in	175,344	175,344
Total other financing sources	175,344	175,344
<b>NET CHANGE IN FUND BALANCE</b>	\$ 51,344	50,780
<b>FUND BALANCE - MAY 1, 2010</b>		64,215
<b>FUND BALANCE - APRIL 30, 2011</b>		\$ 114,995

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
Capital Projects Fund

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	<u>Capital Projects</u>	
	<u>Final Budget</u>	<u>Actual</u>
REVENUES		
State grants	\$ -	\$ 24,331.
Investment income	-	173
Total revenues	<u>-</u>	<u>24,504</u>
EXPENDITURES		
Construction	208,000	66,933
Total expenditures	<u>208,000</u>	<u>66,933</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	<u>(208,000)</u>	<u>(42,429)</u>
OTHER FINANCING SOURCES		
Transfer in	96,000	96,000
Total other financing sources	<u>96,000</u>	<u>96,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (112,000)</u>	53,571
FUND BALANCE - MAY 1, 2010		<u>80,159</u>
FUND BALANCE - APRIL 30, 2011		<u>\$ 133,730</u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
 Permanent Fund

SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	<u>Cemetery Trust</u>	
	<u>Final Budget</u>	<u>Actual</u>
REVENUES		
Fees and service charges	\$ 16,000	\$ 26,047
Investment income	200	3,886
Total revenues	<u>16,200</u>	<u>29,933</u>
EXPENDITURES		
Office expense	<u>1,300</u>	<u>800</u>
Total expenditures	<u>1,300</u>	<u>800</u>
NET CHANGE IN FUND BALANCE	<u>\$ 14,900</u>	29,133
FUND BALANCE - MAY 1, 2010		<u>283,626</u>
FUND BALANCE - APRIL 30, 2011		<u>\$ 312,759</u>

See accompanying Independent Auditor's Report.

**SUPPLEMENTAL FINANCIAL INFORMATION**

VILLAGE OF CHATHAM, ILLINOIS  
Electric Fund

COMPARATIVE STATEMENT OF NET ASSETS

April 30, 2011 and 2010

	2011	2010
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 398,445	\$ 71,274
Restricted accounts - cash	204,749	159,100
Accounts receivable	775,905	688,358
Due from other funds	278,103	143,938
Due from other government	194	7,527
Inventory	531,904	578,143
Total current assets	2,189,300	1,648,340
Capital Assets:		
Capital assets, not being depreciated	279,734	279,734
Property and equipment	17,073,825	16,769,547
Less: accumulated depreciation	(5,533,431)	(5,020,416)
Capital assets, net	11,820,128	12,028,865
Total assets	14,009,428	13,677,205
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	18,703	30,973
Unearned revenue	16,760	11,660
Accrued payroll	24,976	26,884
Accrued compensated absences payable	87,221	72,539
Due to other funds	379	14,477
Customer deposits	78,140	29,770
Accrued interest payable	93,671	94,859
Other payables	21,704	21,328
Current maturities of long term debt:		
Line of credit	175,000	350,000
G.O. bonds (Alternate Revenue Source) payable	185,000	180,000
Debt certificates	35,000	52,418
Capital lease payable	13,625	-
Total current liabilities	750,179	884,908
Long-Term Liabilities:		
Net OPEB obligation	25,905	12,845
G.O. bonds (Alternate Revenue Source) payable	4,190,000	4,375,000
Debt certificates	165,000	200,000
Capital lease payable	28,125	-
Total long-term liabilities	4,409,030	4,587,845
Total liabilities	5,159,209	5,472,753
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	7,203,378	6,871,447
Restricted for debt service	204,749	159,100
Unrestricted	1,442,092	1,173,905
Total net assets	\$ 8,850,219	\$ 8,204,452

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
Electric Fund

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS

For the Years Ended April 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
User charges	\$ 8,382,811	\$ 7,035,556
Other income	<u>103,012</u>	<u>78,992</u>
Total revenues	<u>8,485,823</u>	<u>7,114,548</u>
EXPENSES		
Electricity purchases	5,431,465	4,745,341
Distribution and customer service	1,723,997	1,811,703
Depreciation	<u>513,015</u>	<u>351,795</u>
Total expenses	<u>7,668,477</u>	<u>6,908,839</u>
OPERATING INCOME	<u>817,346</u>	<u>205,709</u>
NONOPERATING INCOME (EXPENSE)		
Investment income	1,989	2,383
FEMA grant	26,146	7,026
Interest expense	<u>(199,714)</u>	<u>(35,152)</u>
Total nonoperating (expense)	<u>(171,579)</u>	<u>(25,743)</u>
CHANGE IN NET ASSETS	645,767	179,966
NET ASSETS - BEGINNING	<u>8,204,452</u>	<u>8,024,486</u>
NET ASSETS - ENDING	<u><u>\$ 8,850,219</u></u>	<u><u>\$ 8,204,452</u></u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
TIF District

COMPARATIVE BALANCE SHEET

April 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents - restricted	\$ 334,306	\$ 186,057
Taxes receivable	<u>490,535</u>	<u>473,840</u>
Total current assets	<u>824,841</u>	<u>659,897</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 824,841</u></u>	<u><u>\$ 659,897</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 14,914
Deferred revenue	<u>490,535</u>	<u>473,840</u>
Total current liabilities	<u>490,535</u>	<u>488,754</u>
Total liabilities	<u>490,535</u>	<u>488,754</u>
<b>FUND BALANCES</b>		
Reserved for economic development	<u>334,306</u>	<u>171,143</u>
Total fund balances	<u>334,306</u>	<u>171,143</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 824,841</u></u>	<u><u>\$ 659,897</u></u>

See accompanying Independent Auditor's report.

VILLAGE OF CHATHAM, ILLINOIS  
TIF District

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

For the Years Ended April 30, 2011 and 2010

	2011	2010
REVENUES		
Property taxes	\$ 473,880	\$ 463,117
Investment income	1,937	4,926
Total revenues	475,817	468,043
EXPENDITURES		
Current operations:		
General government	6,563	22,220
Economic development	130,747	1,523,231
Total expenditures	137,310	1,545,451
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	338,507	(1,077,408)
OTHER FINANCING SOURCES (USES)		
Transfer out	(175,344)	(471,883)
Bond proceeds	-	690,000
Total other financing sources (uses)	(175,344)	218,117
NET CHANGE IN FUND BALANCE	163,163	(859,291)
FUND BALANCE - BEGINNING	171,143	1,030,434
FUND BALANCE - ENDING	\$ 334,306	\$ 171,143

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
GOVERNMENTAL ACTIVITIES

April 30, 2011

	Tax Increment Financing General Obligation (Alternative Revenue Source) Bonds, Series 2009		General Obligation Bonds Series, 2001		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
	2011-2012	\$ 110,000	\$ 13,113	\$ 28,000	
2012-2013	110,000	11,023	30,000	8,250	159,273
2013-2014	115,000	8,459	31,000	6,750	161,209
2014-2015	120,000	5,400	33,000	5,200	163,600
2015-2016	125,000	1,875	35,000	3,550	165,425
2016-2017	-	-	36,000	1,800	37,800
	<u>\$ 580,000</u>	<u>\$ 39,870</u>	<u>\$ 193,000</u>	<u>\$ 35,200</u>	<u>\$ 848,070</u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
BUSINESS-TYPE ACTIVITIES

April 30, 2011

	Electric Fund Debt Certificates of 2010		Electric General Obligation (Alternative Revenue Source) Bonds, Series 2006		Electric General Obligation (Alternative Revenue Source) Bonds, Series 2008		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
2011-2012	\$ 35,000	\$ 6,844	\$ 130,000	\$ 115,727	\$ 55,000	\$ 64,115	\$ 406,686
2012-2013	40,000	5,438	140,000	110,930	60,000	62,410	418,778
2013-2014	40,000	3,938	145,000	105,694	60,000	60,370	415,002
2014-2015	40,000	2,438	150,000	100,271	60,000	58,150	410,859
2015-2016	45,000	844	155,000	94,661	65,000	55,810	416,315
2016-2017	-	-	160,000	88,787	65,000	53,145	366,932
2017-2018	-	-	170,000	82,723	70,000	50,448	373,171
2018-2019	-	-	175,000	76,195	75,000	47,473	373,668
2019-2020	-	-	185,000	69,475	75,000	44,248	373,723
2020-2021	-	-	190,000	62,371	80,000	40,984	373,355
2021-2022	-	-	200,000	54,790	80,000	37,465	372,255
2022-2023	-	-	210,000	46,810	85,000	33,785	375,595
2023-2024	-	-	215,000	38,221	90,000	29,832	373,053
2024-2025	-	-	225,000	29,427	95,000	25,602	375,029
2025-2026	-	-	235,000	20,112	100,000	21,090	376,202
2026-2027	-	-	245,000	10,266	105,000	16,290	376,556
2027-2028	-	-	-	-	110,000	11,250	121,250
2028-2029	-	-	-	-	115,000	5,750	120,750
	<u>\$ 200,000</u>	<u>\$ 19,502</u>	<u>\$ 2,930,000</u>	<u>\$ 1,106,460</u>	<u>\$ 1,445,000</u>	<u>\$ 718,217</u>	<u>\$ 6,419,179</u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF INVESTMENTS

April 30, 2011

	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
<b>Police Pension Fund</b>				
Mutual Funds:				
Allianz Fund NFJ	\$ 32,422	\$ 32,553		
Blackrock Funds	8,066	8,736		
Cohen & Steers Realty	9,787	10,764		
Columbia Funds SER	9,945	9,999		
DWS Securities TR	15,132	15,348		
DWS Value Series INC	6,535	7,039		
Fidelity Adv SER	7,946	8,392		
Fidelity Advisor New	27,662	29,372		
Fidelity Advisor SER Leveraged	13,403	13,466		
Ivy Funds	15,444	17,526		
Oppenheimer	10,227	10,863		
SmallCap World Fund	4,873	5,228		
United Community Bank:				
Certificate of Deposit	122,494	122,494	2.90%	9/29/2014
Certificate of Deposit	125,597	125,597	2.50%	9/25/2015
Certificate of Deposit	107,431	107,431	3.60%	2/24/2013
Certificate of Deposit	127,305	127,305	2.45%	6/11/2014
Bank of Springfield:				
Certificate of Deposit	60,000	60,000	2.44%	10/17/2012
Certificate of Deposit	92,198	92,198	3.11%	8/28/2014
Certificate of Deposit	105,224	105,224	2.44%	12/30/2012
First Bankers Trust:				
Certificate of Deposit	101,297	101,297	2.60%	12/4/2012
Certificate of Deposit	148,704	148,704	2.60%	10/27/2014
Marine Bank:				
Certificate of Deposit	103,820	103,820	2.48%	9/18/2013
Certificate of Deposit	101,452	101,452	2.88%	8/1/2015
Certificate of Deposit	245,431	245,431	5.18%	1/31/2012
Certificate of Deposit	122,000	122,000	2.14%	3/8/2016
Certificate of Deposit	50,000	50,000	2.14%	1/31/2016
Certificate of Deposit	50,555	50,555	2.24%	8/31/2014
Hickory Point Bank:				
Certificate of Deposit	100,000	100,000	5.00%	11/5/2012
Bank & Trust:				
Certificate of Deposit	300,176	300,176	5.25%	8/27/2011
Certificate of Deposit	174,028	174,028	1.00%	11/3/2011
Certificate of Deposit	122,000	122,000	1.75%	3/7/2014
Illinois National Bank:				
Certificate of Deposit	200,000	200,000	1.55%	7/28/2012
Certificate of Deposit	121,798	121,798	5.05%	5/4/2011
Illini Bank:				
Certificate of Deposit	179,719	179,719	2.00%	6/4/2011
National City Bank:				
Certificate of Deposit	100,000	100,000	4.88%	7/28/2012
US Bank:				
Certificate of Deposit	100,000	100,000	4.40%	9/24/2013
Security Bank:				
Certificate of Deposit	201,163	201,163	1.49%	11/10/2012
Town and Country Bank:				
Certificate of Deposit	152,630	152,630	2.41%	7/23/2014
Carrolton Bank:				
Certificate of Deposit	102,306	102,306	3.06%	6/11/2015
Williamsville State Bank:				
Certificate of Deposit	150,000	150,000	3.21%	8/31/2014
Certificate of Deposit	100,000	100,000	3.94%	10/27/2012
Total Fiduciary Funds	<u>\$ 3,928,770</u>	<u>\$ 3,936,614</u>		
<b>Cemetery Trust Fund</b>				
Bank & Trust:				
Certificate of Deposit	\$ 200,000	\$ 200,000	1.35%	9/16/2011
Total Governmental Funds	<u>\$ 200,000</u>	<u>\$ 200,000</u>		

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM  
SCHEDULE OF INSURANCE COVERAGE  
April 30, 2011

Type of Coverage and Name of Company	Policy Number	Policy Period		Details of Coverage	Liability Limits	Annual Premium
		From	To			
General Liability Illinois Municipal League Risk Management Association	0687D0105	12/31/2010	12/31/2011	Bodily Injury and Property Damage	General, Products/ Completed Operations, Advertising Injury, and Personal Injury - \$8,000,000 per occurrence	\$ 164,079
					Fire Damage - \$8,000,000 per occurrence	
					Liquor Liability - \$1,000,000 per occurrence	
Commercial General Liability Illinois Municipal League Risk Management Association	0687D0105	12/31/2010	12/31/2011	Commercial Liability	\$8,000,000 per occurrence	
Automobile Liability Illinois Municipal League Risk Management Association	0687D0105	12/31/2010	12/31/2011	Automobile Liability	\$8,000,000 per occurrence	
Worker's Compensation Illinois Municipal League Risk Management Association	0687D0105	12/31/2010	12/31/2011	Workers Compensation Employers Liability	\$3,000,000 per occurrence	
Property/Inland Marine/Auto Coverage Physical Damage Illinois Municipal League Risk Management Association	0687D0105	12/31/2010	12/31/2011	Property Liability	\$250,000,000 per occurrence	
Reinsurance Illinois Municipal League Risk Management Association	0687D0105	12/31/2010	12/31/2011	Reinsurance	\$250,000,000 per occurrence	
Boiler & Machinery Cincinnati Insurance	BEP2647869	12/31/2010	12/31/2011	Boiler & Machinery	\$1,000,000	\$ 8,388

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF ELECTRIC RATES CHARGED

April 30, 2011

The Electric System served 5,041 customers as of April 30, 2011. The Village provided 75,087,003 kilowatt hours to its customers during fiscal year 2011. The electric rates charged by the Village are as follows:

Standard Residential Service Rates

- (1) Rate: \$0.09825 net per kwh
- Facility Charge \$10.00

Senior Citizen Residential and Village Park Service Rate

- (1) Rate: \$0.08843 net per kwh
- Facility Charge \$10.00

Governmental Service

- (1) Rate: \$0.08843/kwh
- (2) Demand Charge: \$5.423/multiplier/demand unit (demand will be the highest average kilowatt demand measured in any 15 minute period during the month)
- (3) Facility Charge \$21.50

General Service – Commercial Without Demand

- (1) Rate: \$0.1158/kwh
- (2) Facility Charge – Commercial, institutional, and non-residential or for three phase, residential, non-residential, institutional, and commercial use taken through a single meter at the utility standard secondary voltage without Demand metering.
  - a) \$10.00 per month single phase
  - b) \$21.50 per month three phase

General Service – Commercial With Demand

- (1) Rate: \$0.0917/kwh
- (2) Demand Charge: \$5.423/multiplier/demand unit (demand will be the highest average kilowatt demand measured in any 15 minute period during the month)
- (3) Facility Charge – Commercial, institutional, and non-residential or for three phase, residential, non-residential, institutional, and commercial use taken through a single meter at the utility standard secondary voltage without Demand metering.
  - a) \$10.00 per month single phase
  - b) \$21.50 per month three phase

VILLAGE OF CHATHAM, ILLINOIS  
SCHEDULE OF ELECTRIC RATES CHARGED

April 30, 2011

**Industrial Service**

(1) Rate

- a) \$0.0802/kwh
- b) \$7.222/multiplier/demand unit (demand will be the highest average kilowatt demand measured in any 15 minute period during the month, minimum of 70kw. The Village may determine the actual demand either by permanently installed instruments or by tests

(2) Facility Charge

- a) \$17.20 per month single phase
- b) \$43.00 per month three phase

(3) Security Lighting Rate: \$7.30 per month



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
STATE OF ILLINOIS PUBLIC ACT 85-1142

Illinois Department of Revenue  
Springfield, Illinois

We have audited the basic financial statements of the Village of Chatham as of and for the year ended April 30, 2011, and have issued our report thereon dated September 6, 2011. The basic financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited the Village's compliance with the provisions of subsection (q) of Illinois Compiled Statutes 65 (ILCS) 5/11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended April 30, 2011 for the Tax Increment Financing District TIF Fund. Compliance with the requirements referred to above is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Tax Increment Financing District TIF Fund. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that are applicable to the Tax Increment Financing District TIF Fund for the year ended April 30, 2011.

A handwritten signature in cursive script that reads 'Sikich LLP'.

Springfield, Illinois  
September 6, 2011

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF ASSESSED VALUATIONS, RATES  
EXTENSIONS AND COLLECTIONS

Tax Years 2010, 2009, and 2008

	2010	2009	2008
ASSESSED VALUATION	<u>\$ 197,979,674</u>	<u>\$ 190,969,341</u>	<u>\$ 180,673,810</u>
TAX RATES			
General	0.2301	0.2190	0.2370
Police Pension	0.1395	0.1480	0.1351
I.M.R.F.	0.0505	0.0450	0.0412
Police Protection	<u>0.0453</u>	<u>0.0474</u>	<u>0.0534</u>
	<u>0.4654</u>	<u>0.4594</u>	<u>0.4667</u>
EXTENSIONS			
General	\$ 455,551	\$ 418,223	\$ 428,197
Police Pension	276,182	282,635	244,090
I.M.R.F.	99,980	85,936	74,438
Police Protection	<u>89,685</u>	<u>90,519</u>	<u>96,480</u>
	<u>\$ 921,398</u>	<u>\$ 877,313</u>	<u>\$ 843,205</u>
COLLECTIONS			
General (includes I.M.R.F. and Police Protection)		\$ 595,480	\$ 600,289
Police Pension		<u>283,016</u>	<u>244,569</u>
		<u>\$ 878,496</u>	<u>\$ 844,858</u>
Village share of road and bridge taxes		<u>\$ 56,786</u>	<u>\$ 56,409</u>

Note: The Village does not levy for TIF District property tax collections.

VILLAGE OF CHATHAM, ILLINOIS  
 SCHEDULE OF LEGAL DEBT MARGIN

Tax Year 2010

Assessed valuation - 2010 levy		<u>\$ 197,979,674</u>
Statutory debt limitation (8.625% of valuation)		\$ 17,075,747
Total debt:		
General obligation bonds	\$ 193,000	
Electric debt certificates	200,000	
Electric notes payable	175,000	
Tax increment financing general obligation (alternative revenue source) bonds	580,000	
Electric general obligation (alternative revenue source) bonds	<u>4,375,000</u>	
	5,523,000	
Less debt paid from other sources	<u>(5,155,000)</u>	<u>(368,000)</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$ 16,707,747</u></u>

See accompanying Independent Auditor's Report.