

VILLAGE OF CHATHAM, ILLINOIS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
For the Year Ended April 30, 2013



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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, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Chatham, Illinois, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The Village adopted Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended April 30, 2013. Statement No. 63 added new classifications on the statement of net position and changed net assets to net position. Statement No. 65 changed the classifications of certain items on the statement of net position to new classifications contained in GASB Statement No. 63. Our opinions have not been modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Chatham, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Village of Chatham, Illinois’ basic financial statements for the year ended April 30, 2012, which are not presented with the accompanying financial statements. In our opinion dated September 12, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Chatham, Illinois’ financial statements as a whole. The Comparative Statement of Position and Comparative Statement of Revenues, Expenses, and Changes in Net Position for the Electric Fund and the Comparative Balance Sheet and Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance for the TIF District, related to the 2012 financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 Comparative Statement of Net Position and Comparative Statement of Revenues, Expenses, and Changes in Net Position for the Electric Fund and the Comparative Balance Sheet and Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance for the TIF District are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.



Springfield, Illinois
October 24, 2013

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, 2013.

Financial Highlights

- The assets of the Village of Chatham exceeded liabilities at April 30, 2013 by \$30,320,183. Of this amount \$1,949,315 is unrestricted.
- The Village's net position increased by \$499,422 during the year compared to last fiscal year's net position.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$692,236, or 18.1% of total general fund expenditures.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

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

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position 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 4-7 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 9 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 7 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 8-11 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 12-14 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 15-16 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 17-54 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 55-65 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 66-71 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 Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 4,616,610	\$ 4,002,996	\$ 3,427,445	\$ 3,292,045	\$ 8,044,055	\$ 7,295,041
Capital Assets	<u>12,241,487</u>	<u>12,354,269</u>	<u>19,188,547</u>	<u>19,216,317</u>	<u>31,360,034</u>	<u>31,570,586</u>
Total Assets	<u>16,858,097</u>	<u>16,357,265</u>	<u>22,545,992</u>	<u>22,508,362</u>	<u>39,404,089</u>	<u>38,865,627</u>
Current Liabilities	718,435	699,465	1,241,882	985,293	1,960,317	1,684,758
Non-current Liabilities	<u>1,592,530</u>	<u>1,645,589</u>	<u>3,973,563</u>	<u>4,244,419</u>	<u>5,566,093</u>	<u>5,890,017</u>
Total Liabilities	<u>2,310,965</u>	<u>2,345,054</u>	<u>5,215,445</u>	<u>5,229,712</u>	<u>7,526,410</u>	<u>7,574,775</u>
Deferred Inflows of Resources	<u>1,557,496</u>	<u>1,470,091</u>	-	-	<u>1,557,496</u>	<u>1,470,091</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,868,461</u>	<u>3,815,145</u>	<u>5,215,445</u>	<u>5,229,712</u>	<u>9,083,906</u>	<u>9,044,866</u>
Net Position:						
Invested in Capital Assets						
Net of Debt	11,580,668	11,587,892	14,930,360	14,709,783	26,511,028	26,297,675
Restricted	1,649,568	1,414,203	210,272	173,114	1,859,840	1,587,317
Unrestricted	<u>(240,600)</u>	<u>(459,984)</u>	<u>2,189,915</u>	<u>2,395,753</u>	<u>1,949,315</u>	<u>1,935,769</u>
Total Net Position	<u>\$ 12,989,636</u>	<u>\$ 12,542,111</u>	<u>\$ 17,330,547</u>	<u>\$ 17,278,650</u>	<u>\$ 30,320,183</u>	<u>\$ 29,820,761</u>

The Village's combined net position increased from \$29,820,761 to \$30,320,183 during 2013. Net position in the governmental funds increased \$447,525 and net position related to business-type activities increased \$51,897, unrestricted net position related to government activities and business activities were \$(240,600) and \$2,189,915 respectively. The deficit in unrestricted net position 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.

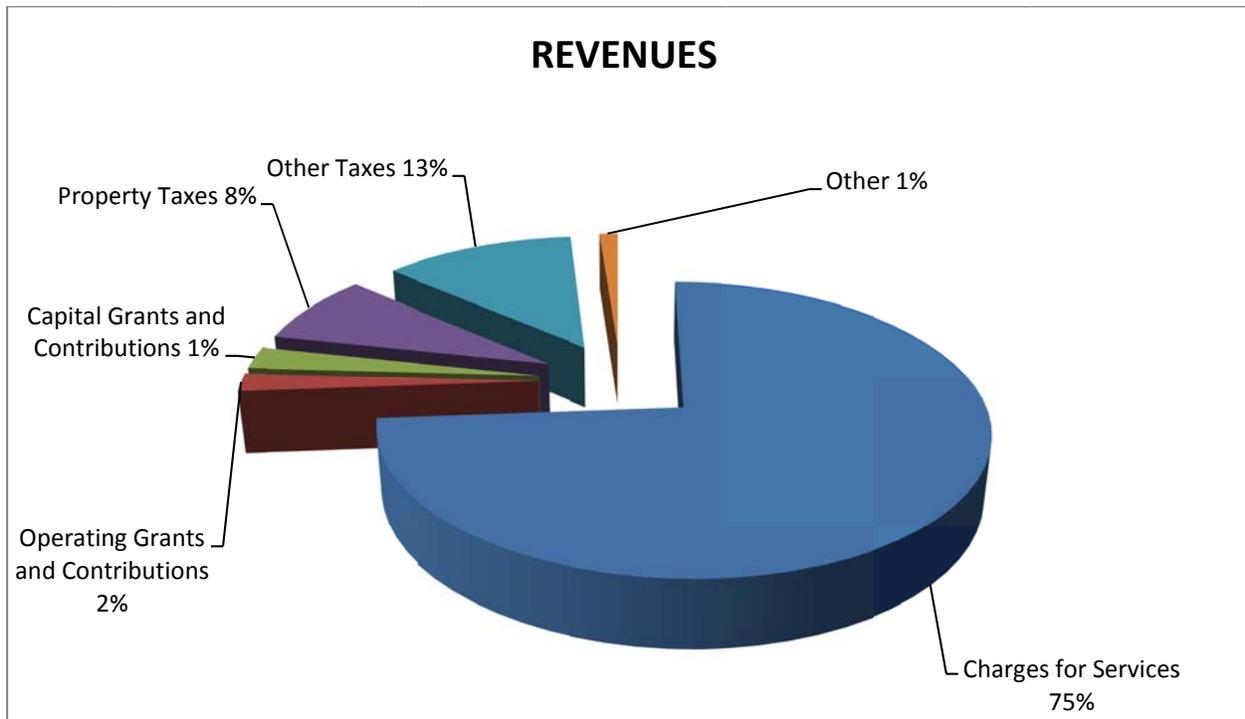
For more detailed information, see the Statement of Net Position on pages 4-5.

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

**Table 2
Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 864,257	\$ 829,841	\$ 13,298,300	\$ 12,621,365	\$ 14,162,557	\$ 13,451,206
Operating Grants and Contributions	342,048	631,482	-	2,477	342,048	633,959
Capital Grants and Contributions	186,642	268,948	65,500	102,500	252,142	371,448
General Revenues:						
Property Taxes	1,476,571	1,410,938	-	-	1,476,571	1,410,938
Other Taxes	2,471,782	2,409,455	-	-	2,471,782	2,409,455
Other	45,094	103,309	9,705	5,817	54,799	109,126
Total Revenues	<u>5,386,394</u>	<u>5,653,973</u>	<u>13,373,505</u>	<u>12,732,159</u>	<u>18,759,899</u>	<u>18,386,132</u>
EXPENSES						
General Government	706,910	975,862	-	-	706,910	975,862
Cemetery	45,142	53,712	-	-	45,142	53,712
Culture and Recreation	442,815	472,502	-	-	442,815	472,502
Public Safety	2,265,947	2,208,626	-	-	2,265,947	2,208,626
Public Works	1,424,984	1,019,056	-	-	1,424,984	1,019,056
Economic Development	34,683	37,361	-	-	34,683	37,361
Electric	-	-	8,454,775	7,825,942	8,454,775	7,825,942
Water and Sewer	-	-	4,866,833	4,085,172	4,866,833	4,085,172
Interest on Long-Term Debt	18,388	21,985	-	-	18,388	21,985
Total Expenses	<u>4,938,869</u>	<u>4,789,104</u>	<u>13,321,608</u>	<u>11,911,114</u>	<u>18,260,477</u>	<u>16,700,218</u>
Change in Net Position Before Transfers	447,525	864,869	51,897	821,045	499,422	1,685,914
Transfers	-	46,264	-	(46,264)	-	-
Change in Net Position	447,525	911,133	51,897	774,781	499,422	1,685,914
Net Position, Beginning of the Year	12,542,111	11,630,978	17,278,650	16,503,869	29,820,761	28,134,847
Net Position, End of the Year	<u>\$ 12,989,636</u>	<u>\$ 12,542,111</u>	<u>\$ 17,330,547</u>	<u>\$ 17,278,650</u>	<u>\$ 30,320,183</u>	<u>\$ 29,820,761</u>

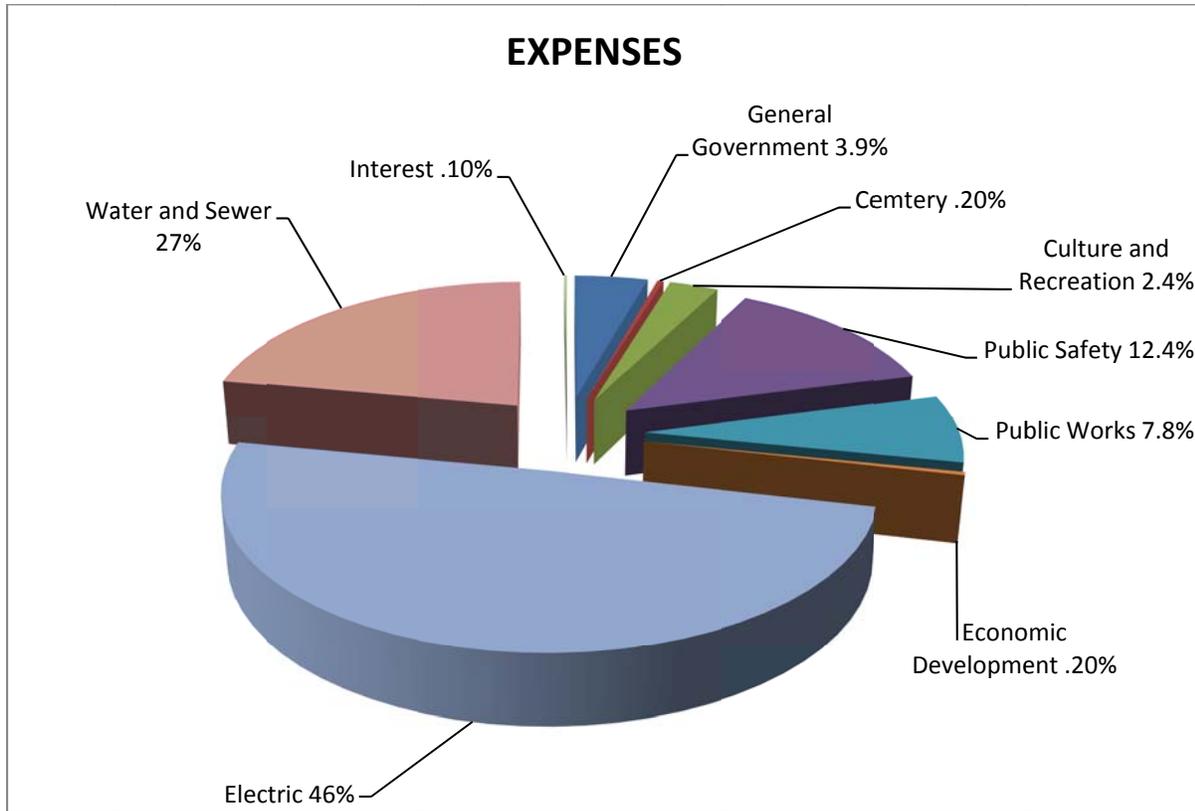
**VILLAGE OF CHATHAM, ILLINOIS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)**



For the fiscal year ended April 30, 2013, revenues totaled \$18.8 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 5% from \$13.5 million in fiscal year 2012 to \$14.2 million in fiscal year 2013. Service charges for the electric system and water and sewer system are up \$677 thousand over fiscal year 2012, which represents a 5% increase over the previous year. This is reflective of the steady growth of new residents as well as the multi-year increases in rates for water, and sewer service that were passed during fiscal year 2011.

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



The Village of Chatham’s expenses totaled \$18.3 million in 2013. The largest portion of these expenses is for the electric system which represents 46% followed by expenses for the water and sewer systems at 27%. These expenses reflect the cost of providing electric, water and sewer services to the Village of Chatham’s residents. These expenses increased \$1,410,494 over last year, which represents an 11.8% 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 expenses 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 position of \$447,525 for the fiscal year ended April 30, 2013. Of the net change \$186,642 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 position of \$51,897.

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

**Table 3
General Fund Budgetary Highlights for the
Fiscal Year Ended April 30, 2013
With Comparative Actual Totals for the Year Ended April 30, 2012**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual 2013</u>	<u>Actual 2012</u>
REVENUES				
Taxes	\$ 3,202,450	\$ 3,202,450	\$ 3,381,492	\$ 3,263,015
Licenses and Permits	768,000	768,000	725,208	693,044
Other	<u>65,000</u>	<u>65,000</u>	<u>48,366</u>	<u>395,441</u>
Total Revenues	<u>4,035,450</u>	<u>4,035,450</u>	<u>4,155,066</u>	<u>4,351,500</u>
EXPENDITURES AND TRANSFERS				
Expenditures	(3,994,900)	(4,037,400)	(3,820,480)	(4,151,681)
Transfers Out	(96,000)	(96,000)	(96,000)	(96,000)
Note Proceeds	<u>16,565</u>	<u>16,565</u>	<u>-</u>	<u>23,435</u>
Total Expenditures and Transfers	<u>(4,074,335)</u>	<u>(4,116,835)</u>	<u>(3,916,480)</u>	<u>(4,224,246)</u>
Change in Fund Balance	<u>\$ (38,885)</u>	<u>\$ (81,385)</u>	<u>\$ 238,586</u>	<u>\$ 127,254</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 \$42,500. Budgets for administration and public safety increased. The budget for parks and recreation decreased.

The General Fund Revenues received were more than the amount estimated by \$119,616 and expenditures were \$216,920 less than the amended budget.

**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, 2013.

**Capital Assets
Table 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land, not Depreciated	\$ 372,000	\$ 372,000	\$ 318,734	\$ 318,734	\$ 690,734	\$ 690,734
Construction in Progress	338,896	290,685	195,039	-	533,935	290,685
Improvements	282,604	282,604	68,970	68,970	351,574	351,574
Buildings	627,423	627,423	804,117	804,117	1,431,540	1,431,540
Vehicles	837,791	701,926	1,141,492	1,148,434	1,979,283	1,850,360
Equipment	780,575	762,059	1,002,328	962,982	1,782,903	1,725,041
Infrastructure	12,990,113	12,820,271	-	-	12,990,113	12,820,271
Utility Plant	-	-	30,841,685	30,181,450	30,841,685	30,181,450
Less:						
Accumulated Depreciation	<u>(3,987,915)</u>	<u>(3,502,699)</u>	<u>(15,253,818)</u>	<u>(14,268,370)</u>	<u>(19,241,733)</u>	<u>(17,771,069)</u>
Total	<u>\$ 12,241,487</u>	<u>\$ 12,354,269</u>	<u>\$ 19,118,547</u>	<u>\$ 19,216,317</u>	<u>\$ 31,360,034</u>	<u>\$ 31,570,586</u>

At year-end the Village's investment in capital assets for governmental activities was \$12,241,487, a decrease of \$112,782 over April 30, 2012. At year-end the Village's investment in capital assets for business-type activities was \$19,118,547, a decrease of \$97,770 over April 30, 2012.

Major capital asset events during FY 2013 included the following:

Governmental Activities	
Infrastructure additions	\$ 169,842
Vehicle additions	\$ 135,866
Business-type Activities	
Utility Plant additions	\$ 660,235

Additional information on the Village's capital assets can be found in Note 4 on pages 28-31.

Long-Term Debt

As of April 30, 2013, the Village had a total of \$4,610,000 of bonded indebtedness outstanding. Of this amount, \$135,000 comprises debt backed by the full faith and credit of the government. \$4,475,000 of the debt represents bonds and debt certificates that are secured by specified revenue sources (i.e., revenue and alternative source revenue bonds). The Village also had \$239,006 of debt consisting of notes payable and capital leases.

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

Long-Term Debt - Continued

During fiscal year 2013, the Village financed a snowplow attachment for the street department.

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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General Obligation Bonds	\$ 135,000	\$ 165,000	\$ -	\$ -	\$ 135,000	\$ 165,000
TIF Alternate Source						
Revenue Bonds	360,000	470,000	-	-	360,000	470,000
Electric Alternate Source						
Revenue Bonds	-	-	3,990,000	4,190,000	3,990,000	4,190,000
Debt Certificates	-	-	125,000	165,000	125,000	165,000
Notes Payable	10,034	23,435	40,135	93,740	50,169	117,175
Capital Leases	<u>155,785</u>	<u>107,942</u>	<u>33,052</u>	<u>57,794</u>	<u>188,837</u>	<u>165,736</u>
Total	\$ 660,819	\$ 766,377	\$ 4,188,187	\$ 4,506,534	\$ 4,849,006	\$ 5,272,911

Additional information on the Village’s long-term debt can be found in Note 6 on pages 35-43.

Economic Factors

The Village’s combined governmental fund’s net position decreased from 2012 to 2013 due to the spending down of funds on hand for Motor Fuel Tax Program expenses. However, the Village’s General Fund revenues exceeded expenditures and transfers out by \$238,586 in 2013 up from the revenues in excess of expenditures of \$127,254 in 2012. This is attributed to the increase in income tax received from the State of Illinois. The Village’s Proprietary Funds have shown declines in both operating income and change in net position. The Electric Fund had an operating income for the fiscal year 2013 of \$351,732 and a change in net position of \$185,307 down from the prior year’s operating income and change in net position of \$703,879 and \$527,082. The Water and Sewer Fund incurred an operating loss of \$200,650 and a negative change in net position of \$133,410 in fiscal year 2013 compared to an operating income in fiscal year 2012 of \$190,836 and a positive change in net position of \$247,699. This decline is due to the increase in electric and water operating expenses.

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 POSITION

April 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,124,024	\$ 1,717,433	\$ 2,841,457
Restricted accounts - cash	1,177,363	210,272	1,387,635
Investments	205,158	-	205,158
Receivables, net			
Accounts	-	989,959	989,959
Taxes	1,939,918	-	1,939,918
Other	150,717	-	150,717
Accrued interest receivable	136	-	136
Inventory	-	512,275	512,275
Due from (to) other funds	2,494	(2,494)	-
Due from other governments	16,800	-	16,800
 Total current assets	 4,616,610	 3,427,445	 8,044,055
Capital Assets:			
Capital assets, not being depreciated	710,896	513,773	1,224,669
Property and equipment	15,518,506	33,858,592	49,377,098
Less: accumulated depreciation	(3,987,915)	(15,253,818)	(19,241,733)
 Total capital assets	 12,241,487	 19,118,547	 31,360,034
 Total assets	 16,858,097	 22,545,992	 39,404,089

(Continued)

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

VILLAGE OF CHATHAM, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2013

	Governmental Activities	Business-Type Activities	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ 58,709	\$ 402,737	\$ 461,446
Accrued payroll	89,848	57,674	147,522
Payroll taxes and related liabilities	12,311	-	12,311
Accrued compensated absences payable	329,154	192,506	521,660
Customer deposits	-	180,510	180,510
Accrued interest payable	3,895	85,376	89,271
Other payables	-	12,524	12,524
G.O. bonds payable - current	31,000	-	31,000
G.O. bonds (Alternate Revenue Source) payable - current	-	205,000	205,000
T.I.F. G.O. bonds payable - current	115,000	-	115,000
Debt certificates payable - current	-	40,000	40,000
Notes payable - current	10,034	40,135	50,169
Capital lease payable - current	68,484	25,420	93,904
	<hr/>	<hr/>	<hr/>
Total current liabilities	718,435	1,241,882	1,960,317
Noncurrent Liabilities:			
Net OPEB obligation	280,673	95,931	376,604
G.O. bonds payable	104,000	-	104,000
G.O. bonds (Alternate Revenue Source) payable	-	3,785,000	3,785,000
T.I.F. G.O. bonds payable	245,000	-	245,000
Debt certificates payable	-	85,000	85,000
Capital lease payable	87,301	7,632	94,933
Net pension obligation	875,556	-	875,556
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	1,592,530	3,973,563	5,566,093
	<hr/>	<hr/>	<hr/>
Total liabilities	2,310,965	5,215,445	7,526,410
Deferred Inflows of Resources:			
Unearned revenue - property taxes	1,557,496	-	1,557,496
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	1,557,496	-	1,557,496
	<hr/>	<hr/>	<hr/>
Total liabilities and deferred inflows of resources	3,868,461	5,215,445	9,083,906
Net Position:			
Net Investment in capital assets	11,580,668	14,930,360	26,511,028
Restricted for maintenance of roadways	212,844	-	212,844
Restricted for cemetery care	301,293	-	301,293
Restricted for debt service	126,730	210,272	337,002
Restricted for economic development	1,008,701	-	1,008,701
Unrestricted	(240,600)	2,189,915	1,949,315
	<hr/>	<hr/>	<hr/>
Total net position	\$ 12,989,636	\$ 17,330,547	\$ 30,320,183

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

VILLAGE OF CHATHAM, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 706,910	\$ 549,540	\$ -	\$ -
Cemetery	45,142	31,275	-	-
Culture and recreation	442,815	29,598	-	-
Public safety	2,265,947	119,182	10,308	-
Public works/transportation	1,424,984	134,662	331,740	186,642
Economic development	34,683	-	-	-
Interest on long-term debt	18,388	-	-	-
Total governmental activities	4,938,869	864,257	342,048	186,642
Business-type activities:				
Electric	8,454,775	8,632,117	-	-
Waterworks and Sewerage	4,866,833	4,666,183	-	65,500
Total business-type activities	13,321,608	13,298,300	-	65,500
Total primary government	\$ 18,260,477	\$ 14,162,557	\$ 342,048	\$ 252,142

General revenues:

Taxes:

Property taxes, levied for general purposes

Replacement taxes

Road and bridge taxes

Sales taxes

Local use taxes

Telecommunications taxes

Shared income taxes

Investment income

Miscellaneous

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

Net (Expense) Revenue and Changes in Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (157,370)	\$ -	\$ (157,370)
(13,867)	-	(13,867)
(413,217)	-	(413,217)
(2,136,457)	-	(2,136,457)
(771,940)	-	(771,940)
(34,683)	-	(34,683)
(18,388)	-	(18,388)
<u>(3,545,922)</u>	<u>-</u>	<u>(3,545,922)</u>
-	177,342	177,342
-	(135,150)	(135,150)
<u>-</u>	<u>42,192</u>	<u>42,192</u>
<u>(3,545,922)</u>	<u>42,192</u>	<u>(3,503,730)</u>
1,476,571	-	1,476,571
2,458	-	2,458
59,688	-	59,688
850,722	-	850,722
183,179	-	183,179
339,349	-	339,349
1,036,386	-	1,036,386
8,124	9,705	17,829
36,970	-	36,970
<u>3,993,447</u>	<u>9,705</u>	<u>4,003,152</u>
447,525	51,897	499,422
<u>12,542,111</u>	<u>17,278,650</u>	<u>29,820,761</u>
<u>\$ 12,989,636</u>	<u>\$ 17,330,547</u>	<u>\$ 30,320,183</u>

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

VILLAGE OF CHATHAM, ILLINOIS
Governmental Funds

BALANCE SHEET

April 30, 2013

	General	TIF District	Aggregate Nonmajor	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 349,039	\$ -	\$ 774,985	\$ 1,124,024
Restricted accounts - cash	61,487	1,008,709	107,167	1,177,363
Investments	-	-	205,158	205,158
Taxes receivable	1,393,880	526,261	19,777	1,939,918
Other receivables	134,531	-	16,186	150,717
Due from other funds	4,020	-	515	4,535
Due from other governments	-	-	16,800	16,800
Accrued interest receivable	-	-	136	136
TOTAL ASSETS	\$ 1,942,957	\$ 1,534,970	\$ 1,140,724	\$ 4,618,651
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 54,490	\$ 8	\$ 4,211	\$ 58,709
Accrued payroll	88,322	-	1,526	89,848
Payroll tax and related liabilities	11,981	-	330	12,311
Due to other funds	-	-	2,041	2,041
Total liabilities	154,793	8	8,108	162,909
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,031,235	526,261	-	1,557,496
Total deferred inflows of resources	1,031,235	526,261	-	1,557,496
Total liabilities and deferred inflows of resources	1,186,028	526,269	8,108	1,720,405
FUND BALANCES				
Nonspendable				
Corpus of permanent fund	-	-	301,293	301,293
Restricted				
Debt service	19,563	-	107,167	126,730
Public works	-	-	212,844	212,844
Economic development	-	1,008,701	-	1,008,701
Unrestricted				
Committed				
Veteran's memorial brick	-	-	10,395	10,395
Yard waste	-	-	187,434	187,434
Public safety	41,924	-	10,497	52,421
Public works	-	-	22,448	22,448
Cemetery	-	-	66,113	66,113
Parks	3,206	-	-	3,206
Assigned				
Capital projects	-	-	214,425	214,425
Unassigned	692,236	-	-	692,236
Total fund balances	756,929	1,008,701	1,132,616	2,898,246
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,942,957	\$ 1,534,970	\$ 1,140,724	\$ 4,618,651

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

VILLAGE OF CHATHAM, ILLINOIS

Reconciliation of Fund Balances of Governmental Funds to the
Governmental Activities in the Statement of Net Position

April 30, 2013

Fund Balances of Governmental Funds	<u>\$ 2,898,246</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>12,241,487</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences payable	(329,154)
Accrued interest payable	(3,895)
G.O. bonds payable, current	(31,000)
T.I.F. G.O. bond payable, current	(115,000)
Notes payable, current	(10,034)
Capital lease payable, current	(68,484)
G.O. bonds payable, noncurrent	(104,000)
T.I.F. G.O. bond payable, noncurrent	(245,000)
Net pension obligation	(875,556)
Net OPEB obligation	(280,673)
Capital lease payable, noncurrent	<u>(87,301)</u>
	<u>(2,150,097)</u>
Net position of governmental activities	<u><u>\$ 12,989,636</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, 2013

	General	TIF District	Aggregate Nonmajor	Total
REVENUES				
Property taxes	\$ 977,580	\$ 498,991	\$ -	\$ 1,476,571
Replacement taxes	2,458	-	-	2,458
Road and bridge taxes	59,688	-	-	59,688
Sales taxes	850,722	-	-	850,722
Local use tax	183,179	-	-	183,179
Motor fuel taxes	-	-	331,740	331,740
Telecommunications tax	271,479	-	67,870	339,349
Licenses, permits, fees, fines, and service charges	725,208	-	139,049	864,257
Investment income	1,088	1,906	5,130	8,124
Other	36,970	-	-	36,970
Shared income taxes	1,036,386	-	-	1,036,386
Federal grants	10,308	-	16,800	27,108
Total revenues	4,155,066	500,897	560,589	5,216,552
EXPENDITURES				
Current operations:				
General government	680,734	6,576	-	687,310
Cemetery	44,432	-	-	44,432
Culture and recreation	390,892	-	15,688	406,580
Public safety	2,171,992	-	43,498	2,215,490
Public works/transportation	494,180	-	666,160	1,160,340
Economic development	-	34,683	-	34,683
Capital outlay	-	-	48,246	48,246
Debt service:				
Principal	30,000	-	110,000	140,000
Interest	8,250	-	11,023	19,273
Total expenditures	3,820,480	41,259	894,615	4,756,354
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)				
	334,586	459,638	(334,026)	460,198
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	207,022	207,022
Transfer out	(96,000)	(111,022)	-	(207,022)
Capital lease proceeds	-	-	103,873	103,873
Total other financing sources (uses)	(96,000)	(111,022)	310,895	103,873
NET CHANGE IN FUND BALANCE	238,586	348,616	(23,131)	564,071
FUND BALANCE - MAY 1, 2012	518,343	660,085	1,155,747	2,334,175
FUND BALANCE - APRIL 30, 2013	\$ 756,929	\$ 1,008,701	\$ 1,132,616	\$ 2,898,246

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

VILLAGE OF CHATHAM, ILLINOIS

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

For the Year Ended April 30, 2013

Net change in fund balances - governmental funds \$ 564,071

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	202,592
Depreciation	(485,216)

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

Donations of capital assets	169,842
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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. (117,786)

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	(31,908)
Net pension obligation	39,487

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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 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	30,000
Repayment of T.I.F. G.O. bond payable	110,000
Repayment of capital lease payable	56,030
Repayment of notes payable	13,401
Capital lease proceeds	(103,873)
Accrued interest payable	885
	<hr/>

Change in net position of governmental activities	<u>\$ 447,525</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 POSITION

April 30, 2013

	Electric	Waterworks and Sewerage	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,437,319	\$ 280,114	\$ 1,717,433
Restricted accounts - cash	210,272	-	210,272
Accounts receivable	627,101	362,858	989,959
Due from other funds	-	4,961	4,961
Inventory	480,027	32,248	512,275
	<u>2,754,719</u>	<u>680,181</u>	<u>3,434,900</u>
Capital Assets:			
Capital assets, not being depreciated	279,734	234,039	513,773
Property and equipment	17,700,278	16,158,314	33,858,592
Less: accumulated depreciation	(6,549,729)	(8,704,089)	(15,253,818)
	<u>11,430,283</u>	<u>7,688,264</u>	<u>19,118,547</u>
Capital assets, net			
	<u>14,185,002</u>	<u>8,368,445</u>	<u>22,553,447</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	42,633	360,104	402,737
Accrued payroll	34,679	22,995	57,674
Accrued compensated absences payable	109,507	82,999	192,506
Due to other funds	6,851	604	7,455
Customer deposits	123,950	56,560	180,510
Accrued interest payable	85,376	-	85,376
Other payables	7,528	4,996	12,524
Current maturities of long term debt:			
G.O. bonds (Alternate Revenue Source) payable	205,000	-	205,000
Debt certificates	40,000	-	40,000
Loan payable	20,068	20,067	40,135
Capital lease payable	14,231	11,189	25,420
	<u>689,823</u>	<u>559,514</u>	<u>1,249,337</u>
Total current liabilities			
Long-Term Liabilities:			
Net OPEB obligation	62,571	33,360	95,931
G.O. bonds (Alternate Revenue Source) payable	3,785,000	-	3,785,000
Debt certificates	85,000	-	85,000
Capital lease payable	-	7,632	7,632
	<u>3,932,571</u>	<u>40,992</u>	<u>3,973,563</u>
Total long-term liabilities			
	<u>4,622,394</u>	<u>600,506</u>	<u>5,222,900</u>
Total liabilities			
NET POSITION			
Net Investment in capital assets	7,280,984	7,649,376	14,930,360
Restricted for debt service	210,272	-	210,272
Unrestricted	2,071,352	118,563	2,189,915
	<u>9,562,608</u>	<u>7,767,939</u>	<u>17,330,547</u>
Total net position			
	<u>\$ 9,562,608</u>	<u>\$ 7,767,939</u>	<u>\$ 17,330,547</u>

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 POSITION

For the Year Ended April 30, 2013

	Electric	Waterworks and Sewerage	Total
REVENUES			
User charges	\$ 8,567,190	\$ 4,563,181	\$ 13,130,371
Other income	64,927	103,002	167,929
Total revenues	8,632,117	4,666,183	13,298,300
EXPENSES			
Electricity purchases	5,767,189	-	5,767,189
Water purchases/sewer expenses	-	3,239,902	3,239,902
Distribution and customer service	1,994,809	1,139,601	3,134,410
Depreciation	518,387	487,330	1,005,717
Total expenses	8,280,385	4,866,833	13,147,218
OPERATING INCOME (LOSS)	351,732	(200,650)	151,082
NONOPERATING INCOME (EXPENSE)			
Investment income	7,965	1,740	9,705
Interest expense	(174,390)	-	(174,390)
Total nonoperating income (expense)	(166,425)	1,740	(164,685)
CHANGE IN NET POSITION BEFORE CONTRIBUTION REVENUE	185,307	(198,910)	(13,603)
CONTRIBUTION REVENUE	-	65,500	65,500
CHANGE IN NET POSITION	185,307	(133,410)	51,897
NET POSITION - MAY 1, 2012	9,377,301	7,901,349	17,278,650
NET POSITION - APRIL 30, 2013	\$ 9,562,608	\$ 7,767,939	\$ 17,330,547

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, 2013

	Electric	Waterworks and Sewerage	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 8,707,163	\$ 4,622,215	\$ 13,329,378
Payments to suppliers	(6,439,751)	(3,405,583)	(9,845,334)
Payments to employees	(1,087,109)	(724,309)	(1,811,418)
Net cash from operating activities	<u>1,180,303</u>	<u>492,323</u>	<u>1,672,626</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of capital assets	(381,201)	(461,247)	(842,448)
Principal paid on capital debt	(280,692)	(37,655)	(318,347)
Interest paid on capital debt	(178,778)	-	(178,778)
Net cash from capital and related financing activities	<u>(840,671)</u>	<u>(498,902)</u>	<u>(1,339,573)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends received	7,963	1,740	9,703
Net cash from investing activities	<u>7,963</u>	<u>1,740</u>	<u>9,703</u>
Net increase in cash	347,595	(4,839)	342,756
Cash and cash equivalents, beginning	<u>1,299,996</u>	<u>284,953</u>	<u>1,584,949</u>
Cash and cash equivalents, ending	<u>\$ 1,647,591</u>	<u>\$ 280,114</u>	<u>\$ 1,927,705</u>
Cash and cash equivalents consists of the following:			
Cash and cash equivalents	\$ 1,437,319	\$ 280,114	\$ 1,717,433
Restricted accounts - cash	210,272	-	210,272
	<u>\$ 1,647,591</u>	<u>\$ 280,114</u>	<u>\$ 1,927,705</u>
Reconciliation of operating (loss) to net cash from operating activities:			
Operating income (loss)	\$ 351,732	\$ (200,650)	\$ 151,082
Adjustments to reconcile income (loss) to net cash from operating activities:			
Depreciation	518,387	487,330	1,005,717
(Increase) decrease in assets:			
Accounts receivable	75,046	(43,967)	31,079
Due from other funds	150,342	5,800	156,142
Inventories	36,798	(10,181)	26,617
(Decrease) increase in liabilities:			
Accounts payable	23,417	233,511	256,928
Unearned revenue	(7,067)	(589)	(7,656)
Accrued payroll	2,391	3,138	5,529
Compensated absences	15,204	3,090	18,294
Net OPEB obligation	25,975	13,677	39,652
Due to other funds	(4,289)	(2,190)	(6,479)
Deposits payable	8,160	2,580	10,740
Other payables	(15,793)	774	(15,019)
Net cash from operating activities	<u>\$ 1,180,303</u>	<u>\$ 492,323</u>	<u>\$ 1,672,626</u>
Non-cash capital and related financing activities:			
Donated water and sewer infrastructure	\$ -	\$ 65,500	\$ 65,500
Total non-cash capital and related financing activities	<u>\$ -</u>	<u>\$ 65,500</u>	<u>\$ 65,500</u>

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

VILLAGE OF CHATHAM, ILLINOIS
POLICE PENSION TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION

April 30, 2013

ASSETS

Cash	\$ 807,354
Investments	
Mutual funds	931,544
Non-negotiable certificates of deposit	3,206,486
Accrued interest receivable	<u>8,649</u>
 Total Assets	 <u>4,954,033</u>

LIABILITIES

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

NET POSITION HELD IN TRUST FOR

PENSION BENEFITS (A schedule of funding progress is presented on page 66)	<u><u>\$ 4,954,033</u></u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF CHATHAM, ILLINOIS
POLICE PENSION TRUST FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended April 30, 2013

ADDITIONS

Contributions

Employer (property taxes)	\$ 327,890
Employee	<u>100,729</u>

Total contributions 428,619

Investment income

Net appreciation in fair value of investments	53,241
Interest	<u>116,383</u>

Total investment income 169,624

Total additions 598,243

DEDUCTIONS

Benefits and refunds

Retiree benefits	126,796
Administration	<u>12,315</u>

Total deductions 139,111

NET INCREASE 459,132

NET POSITION HELD IN TRUST
FOR PENSION BENEFITS

May 1, 2012 4,494,901

April 30, 2013 \$ 4,954,033

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

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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, deferred outflow of resources, liabilities, deferred inflows of resources, 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 position 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences, are recorded only when payment is due.

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

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 externally imposed by outside entities or committed by ordinance.

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.

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.

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 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.

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 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.

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

- (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.
- (g) Fund Balance/Net Position – In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance reported for amounts constrained by legal restrictions from outside parties for use for specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village’s Board, which is considered the Village’s highest level of decision making authority. Formal actions include ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village’s intent to use them for a specific purpose, but that are neither restricted nor committed. Any residual fund balance is reported as unassigned.

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(g) Fund Balance/Net Position – Continued

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

The Village has not established fund balance reserve policies for their governmental funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net position has not been restricted by enabling legislation adopted by the Village. Net investment in capital assets 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 Sangamon County Water Commission, whereby the Sangamon County Water Commission will supply water to the Village of Chatham until December 31, 2040, or 5 years after the expiration of the original issue of Commission's bonds, whichever is later. The Village pays for actual water usage and is not required to purchase a minimum amount of water.

- (i) Investments – Investments are stated at fair value based on quoted market prices at April 30, 2013. 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 position. Bond premiums and discounts 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 expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.
- (o) Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

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, 2011.
- The annual tax levy ordinance for 2011 taxes received during fiscal year 2013 was passed December 2011.
- 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 2011 were distributed to the Village in July and September of 2012.

The 2012 taxes are intended to finance the 2014 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable revenue. The 2013 tax levy has not been recorded as a receivable at April 30, 2013. Although the tax attached as a lien on property as of January 1, 2013, the tax will not be levied until December 2013, and, accordingly, is not measurable at April 30, 2013.

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.

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

3. DEPOSITS AND INVESTMENTS – Continued

B. Investments

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 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.

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.

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

3. DEPOSITS AND INVESTMENTS – Continued

Police Pension Funds – Continued

B. Investments – Continued

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, 2013 consists of the following:

	<u>Balances</u> <u>May 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30</u>
Land, not depreciated	\$ 372,000	\$ -	\$ -	\$ 372,000
Construction in progress, not depreciated	<u>290,685</u>	<u>48,211</u>	<u>-</u>	<u>338,896</u>
Total capital assets, not depreciated	<u>662,685</u>	<u>48,211</u>	<u>-</u>	<u>710,896</u>
Improvements	282,604	-	-	282,604
Buildings and grounds	627,423	-	-	627,423
Vehicles	701,926	135,865	-	837,791
Equipment	762,059	18,516	-	780,575
Infrastructure	<u>12,820,271</u>	<u>169,842</u>	<u>-</u>	<u>12,990,113</u>
Total capital assets being depreciated	<u>15,194,283</u>	<u>324,223</u>	<u>-</u>	<u>15,518,506</u>
Total capital assets	<u>15,856,968</u>	<u>372,434</u>	<u>-</u>	<u>16,229,402</u>
Less accumulated depreciation for:				
Improvements	120,611	7,076	-	127,687
Buildings and grounds	289,087	18,088	-	307,175
Vehicles	528,988	77,268	-	606,256
Equipment	558,803	59,593	-	618,396
Infrastructure	<u>2,005,210</u>	<u>323,191</u>	<u>-</u>	<u>2,328,401</u>
Total accumulated depreciation	<u>3,502,699</u>	<u>485,216</u>	<u>-</u>	<u>3,987,915</u>
Total capital assets being depreciated, net	<u>11,691,584</u>	<u>(160,993)</u>	<u>-</u>	<u>11,530,591</u>
Total capital assets, net of accumulated depreciation	<u>\$ 12,354,269</u>	<u>\$ (112,782)</u>	<u>\$ -</u>	<u>\$ 12,241,487</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, 2013 consists of the following:

<u>ELECTRIC</u>	<u>Balances May 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances April 30</u>
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	65,760	-	-	65,760
Buildings and grounds	698,048	-	-	698,048
Vehicles	788,331	-	15,731	772,600
Equipment	585,773	34,574	10,434	609,913
Utility plant	<u>15,200,089</u>	<u>353,868</u>	<u>-</u>	<u>15,553,957</u>
Total capital assets being depreciated	<u>17,338,001</u>	<u>388,442</u>	<u>26,165</u>	<u>17,700,278</u>
Total capital assets	<u>17,617,735</u>	<u>388,442</u>	<u>26,165</u>	<u>17,980,012</u>
Less accumulated depreciation for:				
Improvements	26,934	1,356	-	28,290
Buildings and grounds	321,057	16,285	-	337,342
Vehicles	748,952	10,413	15,731	743,634
Equipment	374,894	75,286	10,135	440,045
Utility plant	<u>4,578,428</u>	<u>421,990</u>	<u>-</u>	<u>5,000,418</u>
Total accumulated depreciation	<u>6,050,265</u>	<u>525,330</u>	<u>25,866</u>	<u>6,549,729</u>
Total capital assets being depreciated, net	<u>11,287,736</u>	<u>(136,888)</u>	<u>299</u>	<u>11,150,549</u>
Total capital assets, net of accumulated depreciation	<u>\$ 11,567,470</u>	<u>\$ (136,888)</u>	<u>\$ 299</u>	<u>\$ 11,430,283</u>

Capital asset additions and disposals and accumulated depreciation additions and disposals include transfers between the Electric fund and the Waterworks & Sewerage fund.

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS - Continued

B. Business-type activities – Continued

<u>WATERWORKS & SEWERAGE</u>	<u>Balances May 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances April 30</u>
Land, not depreciated	\$ 39,000	\$ -	\$ -	\$ 39,000
Construction in progress, not depreciated	<u>-</u>	<u>195,039</u>	<u>-</u>	<u>195,039</u>
Total capital assets, not being depreciated	<u>39,000</u>	<u>195,039</u>	<u>-</u>	<u>234,039</u>
Improvements	3,210	-	-	3,210
Buildings and grounds	106,069	-	-	106,069
Vehicles	360,103	8,789	-	368,892
Equipment	377,209	25,640	10,434	392,415
Utility plant	<u>14,981,361</u>	<u>306,367</u>	<u>-</u>	<u>15,287,728</u>
Total capital assets being depreciated	<u>15,827,952</u>	<u>340,796</u>	<u>10,434</u>	<u>16,158,314</u>
Total capital assets	<u>15,866,952</u>	<u>535,835</u>	<u>10,434</u>	<u>16,392,353</u>
Less accumulated depreciation for:				
Improvements	134	160	-	294
Buildings and grounds	35,354	2,751	-	38,105
Vehicles	330,684	19,639	-	350,323
Equipment	234,333	45,299	10,135	269,497
Utility plant	<u>7,617,600</u>	<u>428,270</u>	<u>-</u>	<u>8,045,870</u>
Total accumulated depreciation	<u>8,218,105</u>	<u>496,119</u>	<u>10,135</u>	<u>8,704,089</u>
Total capital assets being depreciated, net	<u>7,609,847</u>	<u>(155,323)</u>	<u>299</u>	<u>7,454,225</u>
Total capital assets, net of accumulated depreciation	<u>\$ 7,648,847</u>	<u>\$ 39,716</u>	<u>\$ 299</u>	<u>\$ 7,688,264</u>

Capital asset additions and disposals and accumulated depreciation additions and disposals include transfers between the Waterworks & Sewerage fund and the Electric Fund.

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS – Continued

B. Business-type activities – Continued

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

Governmental activities:	
General government	\$ 18,045
Culture and recreation	39,935
Public safety	42,522
Public works/transportation	<u>384,714</u>
Total depreciation expense – governmental activities	<u>\$ 485,216</u>
Business-type activities:	
Electric	\$ 525,330
Waterworks and Sewerage	<u>496,119</u>
Total depreciation expense – business-type activities	<u>\$ 1,021,449</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, 2013.

Electric Fund:

Cash:

Electric Jr Bond Proceeds (Construction Account)	\$ 3
Electric Jr Bond and Interest	<u>210,269</u>
Total	<u>\$ 210,272</u>

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Electric Fund – Continued

As of April 30, 2013, 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.

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.)

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Electric Fund – Continued

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 2013, the Village made monthly principal and interest payments on the 2010 Electric Debt Certificates into the Debt Service Certificate Account. The Village did not accumulate funds in the Project or Rebate Account.

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, 2013.

Tax Increment Financing Fund:

	<u>Debt Service</u>
Cash:	
TIF Bond and Interest	\$ 107,167
Total	<u>\$ 107,167</u>

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Tax Increment Financing – Continued

As of April 30, 2013, 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 \$1,008,709 as of April 30, 2013.

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.

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

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

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, 2013, 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	\$	19,563
Crime Prevention		1,771
Drug Asset Forfeiture		5,861
DUI Equipment		16,833
Police Vehicle Fees		<u>17,459</u>
Total	\$	<u>61,487</u>

6. LONG-TERM DEBT

Governmental activities

Tax Increment Financing General Obligation Bonds (Alternate Revenue Source)

The Village issued bonds for the purpose to construct improvements benefitting a separately created tax increment financing district and pledges incremental tax income derived from that district. The Village pays debt service expenditures from increment 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 \$115,000 to \$125,000; interest rates ranging from 2.45% to 3.0% \$ 360,000

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>
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>\$ 360,000</u>	<u>\$ 15,734</u>	<u>\$ 375,734</u>

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

General Obligation Bonds

\$390,000 General Obligation Bonds (Series 2001) for the purpose of capital improvements to the Village payable through December 30, 2016 in various amounts ranging from \$31,000 to \$36,000; interest rate of 5.00% \$ 135,000

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>
2014	\$ 31,000	\$ 6,750	\$ 37,750
2015	33,000	5,200	38,200
2016	35,000	3,550	38,550
2017	<u>36,000</u>	<u>1,800</u>	<u>37,800</u>
Total	<u>\$ 135,000</u>	<u>\$ 17,300</u>	<u>\$ 152,300</u>

Notes Payable

On October 19, 2011, the Village entered into an agreement with a financial institution to finance the purchase of accounting software. The Village borrowed \$117,175 at an interest rate of 2.00 percent to be paid in monthly interest payments beginning November 19, 2011 and monthly principal and interest installments of \$5,731 beginning May 19, 2012, with a final payment due January 19, 2014. The assets and related obligation has been allocated between the General Fund (20%), the Waterworks and Sewerage Fund (40%), and the Electric Fund (40%). The principal balance for the governmental activities as April 30, 2013 was \$10,034. Future principal and interest payments on the notes payable are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$ 10,034</u>	<u>\$ 82</u>	<u>\$ 10,116</u>

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

Capital Lease

The Village is obligated under an equipment lease accounted for as a capital lease. The leased asset (backhoe loader) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$21,208 at April 30, 2013. 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, 2013:

Year ended April 30,		
2014	\$	10,293
2015		<u>1,715</u>
Future minimum lease payments		12,008
Less: Amount representing interest		<u>157</u>
Present value of minimum lease payments	\$	<u><u>11,851</u></u>

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased assets (three police vehicles) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$55,418 at April 30, 2013. 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, 2013:

Year ended April 30,		
2014	\$	25,790
2015		<u>17,154</u>
Future minimum lease payments		42,944
Less: Amount representing interest		<u>753</u>
Present value of minimum lease payments	\$	<u><u>42,191</u></u>

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

Capital Leases – Continued

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased asset (truck and hoist) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$18,605 at April 30, 2013. 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, 2013:

Year ended April 30,		
2014	\$	7,437
2015		<u>1,239</u>
Future minimum lease payments		8,676
Less: Amount representing interest		<u>134</u>
Present value of minimum lease payments	\$	<u>8,542</u>

The Village is obligated under a equipment lease accounted for as a capital lease. The leased asset (truck and snowplow attachment) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$91,885 at April 30, 2013. 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, 2013:

Year ended April 30,		
2014	\$	27,349
2015		27,348
2016		27,349
2017		<u>15,961</u>
Future minimum lease payments		98,007
Less: Amount representing interest		<u>4,806</u>
Present value of minimum lease payments	\$	<u>93,201</u>

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

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, 2013.

	Balance May 1, 2012	<u>Additions</u>	<u>Reductions</u>	Balance April 30, 2013
G.O. bonds	\$ 165,000	\$ -	\$ 30,000	\$ 135,000
TIF G.O. bonds	470,000	-	110,000	360,000
Notes payable	23,435	-	13,401	10,034
Capital lease	107,942	103,873	56,030	155,785
Net pension obligation	915,043	-	39,487	875,556
Net OPEB obligation	162,887	117,786	-	280,673
Compensated absences	297,246	329,154	297,246	329,154
	<u>\$ 2,141,553</u>	<u>\$ 550,813</u>	<u>\$ 546,164</u>	<u>\$ 2,146,202</u>

Following are governmental activities obligations due within one year:

G.O. bonds	\$ 31,000
TIF G.O. bonds	115,000
Notes payable	10,034
Capital lease	68,484
Compensated absences	329,154
Total	<u>\$ 553,672</u>

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

2001 Debt Service (General Fund)	\$ 19,563
Restricted Cash (TIF Debt Service Fund)	<u>107,167</u>
	<u>\$ 126,730</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 \$145,000 to \$245,000; interest rates ranging from 3.74% to 4.19% \$ 2,660,000

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

\$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 \$60,000 to \$115,000; interest rates ranging from 3.70% to 5.00%

1,330,000

Total General Obligation Bonds (Alternate Revenue Source) \$ 3,990,000

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>
2014	\$ 205,000	\$ 166,064	\$ 371,064
2015	210,000	158,421	368,421
2016	220,000	150,471	370,471
2017	225,000	141,932	366,932
2018	240,000	133,171	373,171
2019 - 2023	1,355,000	513,596	1,868,596
2024 - 2028	1,420,000	202,090	1,622,090
2029	<u>115,000</u>	<u>5,750</u>	<u>120,750</u>
Total	<u>\$ 3,990,000</u>	<u>\$ 1,471,495</u>	<u>\$ 5,461,495</u>

Debt Certificates

\$200,000 Electric Debt Certificates, Series 2010, for improvements of the electric system payable through May 1, 2015; interest rate 3.75%

\$ 125,000

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Business-type activities – Continued

Debt Certificates – Continued

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>
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>\$ 125,000</u>	<u>\$ 7,220</u>	<u>\$ 132,220</u>

Notes Payable

On October 19, 2011, the Village entered into an agreement with a financial institution to finance the purchase of accounting software. The Village borrowed \$117,175 at an interest rate of 2.00 percent to be paid in monthly interest payments beginning November 19, 2011 and monthly principal and interest installments of \$5,731 beginning May 19, 2012, with a final payment due January 19, 2014. The assets and related obligation has been allocated between the General Fund (20%), the Waterworks and Sewerage Fund (40%), and the Electric Fund (40%). The principal balance for the business-type activities as April 30, 2013 was \$40,135. Future principal and interest payments on the notes payable are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$ 40,135</u>	<u>\$ 328</u>	<u>\$ 40,463</u>

Capital Leases

The Village is obligated under an 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 \$18,570 at April 30, 2013. 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, 2013:

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Business-type activities – Continued

Capital Leases – Continued

Year ended April 30,		
2014	\$	11,643
2015		<u>7,763</u>
Future minimum lease payments		19,406
Less: Amount representing interest		<u>585</u>
Present value of minimum lease payments	\$	<u><u>18,821</u></u>

The Village is obligated under an 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 \$24,332 at April 30, 2013. 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, 2013:

Year ended April 30,		
2014	\$	14,364
Future minimum lease payments		<u>14,364</u>
Less: Amount representing interest		<u>133</u>
Present value of minimum lease payments	\$	<u><u>14,231</u></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, 2013.

	<u>Balance</u>				<u>Balance</u>
	<u>May 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>		<u>April 30, 2013</u>
G.O. bonds (Alternate Revenue Source)	\$ 4,190,000	\$ -	\$ 200,000		\$ 3,990,000
Debt certificates	165,000	-	40,000		125,000
Notes payable	93,740	-	53,605		40,135
Capital leases	57,794	-	24,742		33,052
Net OPEB obligation	56,279	39,652	-		95,931
Compensated absences	<u>174,212</u>	<u>192,506</u>	<u>174,212</u>		<u>192,506</u>
	<u>\$ 4,737,025</u>	<u>\$ 232,158</u>	<u>\$ 492,559</u>		<u>\$ 4,476,624</u>

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Business-type activities – Continued

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

G.O. bonds (Alternate Revenue Source)	\$	205,000
Debt certificates		40,000
Notes payable		40,135
Capital leases		25,420
Compensated absences		<u>192,506</u>
Total	\$	<u>503,061</u>

7. PLEDGED REVENUES

The Village has pledged all revenue from the Village’s Electric operations to repay the \$3,410,000 Electric General Obligation Bonds (Alternate Revenue Source), Series 2006 and the \$1,500,000 Electric General Obligation Bonds (Alternate Revenue Source), Series 2008 through fiscal year 2029. Annual principal and interest payments on the bonds are expected to require less than 5 percent of revenues. The total principal and interest remaining to be paid on the bonds is \$5,461,495. Principal and interest paid for the current year and total revenues were \$374,390 and \$8,640,083, respectively.

8. INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2013 consist of:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Electric Fund	\$ 1,375	\$ -
Waterworks and Sewerage Fund	604	-
Aggregate Nonmajor Governmental Funds	<u>2,041</u>	<u>-</u>
	<u>4,020</u>	<u>-</u>
Aggregate Nonmajor Governmental Funds:		
General Fund	-	2,041
Electric Fund	<u>515</u>	<u>-</u>
	<u>515</u>	<u>2,041</u>
Electric Fund:		
General Fund	-	1,375
Waterworks and Sewerage Fund	-	4,961
Aggregate Nonmajor Governmental Funds	<u>-</u>	<u>515</u>
	<u>-</u>	<u>6,851</u>

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

8. INTERFUND BALANCES – Continued

Waterworks and Sewerage Fund:		
General Fund	-	604
Electric Fund	<u>4,961</u>	<u>-</u>
	<u>4,961</u>	<u>604</u>
 Total	 <u>\$ 9,496</u>	 <u>\$ 9,496</u>

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

- \$1,375 and \$604 due from the Electric and Water and Sewerage funds to the General fund. These balances relate to payroll transactions between funds. The Village expects the obligation will be liquidated within one year.
- \$2,041 due from the Aggregate Nonmajor Governmental funds to the General fund. \$2,029 of the balance relates to excess utility tax receipts transferred to the Utility Tax fund from the General Fund. \$12 of the balance relates to payroll transactions from the Yard Waste fund. The Village expects the obligation will be liquidated within one year.
- \$515 due from the Electric fund to the Aggregate Nonmajor Governmental funds. This balance relates to utility service transactions. The Village expects the obligation will be liquidated within one year.
- \$4,961 due from the Electric fund to the Water and Sewerage fund. This balance relates to utility service transactions. The Village expects the obligation will be liquidated within one year.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor Governmental Funds	<u>\$ -</u>	<u>\$ 96,000</u>
TIF District Fund:		
Nonmajor Governmental Funds	<u>-</u>	<u>111,022</u>
Nonmajor Governmental Funds:		
General Fund	96,000	
TIF District Fund	<u>111,022</u>	<u>-</u>
	<u>207,022</u>	<u>-</u>
 Total interfund transfers	 <u>\$ 207,022</u>	 <u>\$ 207,022</u>

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

8. 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.
- \$111,022 transferred from the TIF District Fund to the nonmajor governmental funds. This amount relates to a transfer to the TIF District debt service fund for debt service payments. The transfer will not be repaid.

9. RETIREMENT PLANS

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.

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

9. 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 2012 was 13.78 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, 2013 was \$310,616.

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>
4/30/2013	\$ 310,616	100%	\$ -
4/30/2012	\$ 276,898	100%	\$ -
4/30/2011	\$ 258,937	100%	\$ -

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 67.04 percent funded. The actuarial accrued liability for benefits was \$6,793,937 and the actuarial value of assets was \$4,554,587, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,239,350. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$2,205,800 and the ratio of the UAAL to covered payroll was 101.52 percent.

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

9. RETIREMENT PLANS – Continued

Illinois Municipal Retirement Fund – Continued

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.

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

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

9. RETIREMENT PLANS – Continued

Police Pension Fund – Continued

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 1st 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. For the year ended April 30, 2013, the Village’s contribution was 31.72 percent of covered payroll.

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, 2013) were as follows:

Annual required contributions	\$ 298,574
Interest on net pension asset	59,530
Adjustments to annual required contribution	<u>(69,701)</u>
Annual pension cost	288,403
Annual contributions made	<u>327,890</u>
Change in net pension obligation	(39,487)
Net pension obligation (asset), beginning of year	<u>915,043</u>
Net pension obligation (asset), end of year	<u>\$ 875,556</u>

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>
4/30/2013	\$ 288,403	113.69%	\$ 875,556
4/30/2012	314,690	87.69%	915,043
4/30/2011	279,667	101.20%	876,292

The annual required contribution was determined as part of the May 1, 2012 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

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

9. RETIREMENT PLANS – Continued

Police Pension Fund – Continued

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 five-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, 2012 actuarial valuation date was 25 years.

Funding Status and Funding Progress. As of May 1, 2012, the most recent actuarial valuation date, the Police Pension Plan was 70.37 percent funded. The actuarial accrued liability for benefits was \$6,579,040 and the actuarial value of assets was \$4,629,832, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,949,208. The covered payroll of active employees covered by the plan was \$1,033,555 and the ratio of the UAAL to the covered payroll was 188.59 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.

10. 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.

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

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

10. OTHER POST-EMPLOYMENT BENEFITS – Continued

Benefits Provided – Continued

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, 2012 (latest information available), membership consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	55
Active nonvested plan members	-
TOTAL	<u>57</u>
Participating employers	<u><u>1</u></u>

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, 2013, the Village contributed \$17,099.

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

10. OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB costs and Net OPEB Obligation

The Village had an actuarial valuation performed for the plan as of May 1, 2012 to determine the employer’s annual required contribution (ARC) for the fiscal year ended April 30, 2013. The Village’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2011, 2012, and 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2011	\$ 79,989	\$ 5,315	6.64%	\$ 145,452
April 30, 2012	\$ 79,028	\$ 5,315	6.73%	\$ 219,165
April 30, 2013	\$ 174,538	\$ 17,099	9.80%	\$ 376,604

The net OPEB obligation (NOPEBO) at April 30, 2013 was calculated as follows:

Annual required contribution	\$ 173,077
Interest on net OPEB obligation	8,767
Adjustment to annual required contribution	<u>(7,306)</u>
Annual OPEB cost	174,538
Contributions made	<u>17,099</u>
Increase (decrease) in net OPEB obligation	157,439
Net OPEB obligation beginning of year	<u>219,165</u>
NET OPEB OBLIGATION END OF YEAR	<u><u>\$ 376,604</u></u>

Funded Status and Funding Progress. The funded status of the plan as of May 1, 2012 (latest information available), was as follows:

Actuarial accrued liability (AAL)	\$ 1,826,860
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,826,860
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 3,211,408
UAAL as a percentage of covered payroll	56.89%

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

10. OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB costs and Net OPEB Obligation – Continued

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, 2012 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4.00% 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 4.00% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a open basis. The remaining amortization period at April 30, 2013, was 29 years.

11. 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.

VILLAGE OF CHATHAM, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

12. 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 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 became effective when the treatment plant commenced operations in May 2012.

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, 2013, follows:

Statement of Net Position Information:

Assets:	
Current assets	\$ 655,226
Restricted assets	2,191,893
Property and equipment, net	<u>32,468,787</u>
Total assets	<u>\$ 35,315,906</u>
Liabilities and net position:	
Current liabilities	\$ 717,032
Noncurrent liabilities	33,660,690
Net position	<u>938,184</u>
Total liabilities and net position	<u>\$ 35,315,906</u>

Statement of Revenues, Expenses, and Changes in Net Position

Operating revenue	\$ 2,473,992
Operating expenses	<u>1,577,728</u>
Operating net income	<u>896,264</u>
Nonoperating revenue	2,685
Nonoperating expense	(1,436,287)
Capital contributions	494,616
Change in net position	(42,722)
Net position, beginning	<u>980,906</u>
Net position, ending	<u>\$ 938,184</u>

VILLAGE OF CHATHAM, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

13. OTHER RECEIVABLES

Other receivables consist of the following as of April 30, 2013:

Telecommunication tax receivable	\$ 83,491
Franchise tax receivable	43,228
Other receivables	<u>7,812</u>
Total	<u>\$ 134,531</u>

14. CONTINGENCIES

The Village has a possible legal issue with the City of Springfield. There is a dispute between the Village and the City of Springfield regarding the contract damages due from the early termination of its wholesale water supply contract. The issue is currently being negotiated, but if the City were to file suit, the Village would vigorously defend. The outcome is unknown at April 30, 2013.

The Village is also in litigation over a tax increment financing redevelopment agreement where the plaintiffs are seeking specific performance of the agreement whereby the Village agreed to reimburse the plaintiffs a portion of their development costs. The Village intends to vigorously defend. The outcome is unknown at April 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

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

April 30, 2013

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)
12/31/12	\$ 4,554,587	\$ 6,793,937	\$ 2,239,350	67.04%	\$ 2,205,800	101.52%
12/31/11	4,324,413	6,571,589	2,247,176	65.80%	2,096,980	107.16%
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%

VILLAGE OF CHATHAM, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2013

<u>Year Ending</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
4/30/13	\$ 310,616	\$ 310,616	100.00%
4/30/12	276,898	276,898	100.00%
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%

VILLAGE OF CHATHAM, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POLICE PENSION TRUST FUND

April 30, 2013

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)
5/1/2012	\$ 4,629,832	\$ 6,579,040	70.37%	\$ 1,949,208	\$ 1,033,555	188.59%
5/1/2011	4,756,473	6,352,126	74.88%	1,595,653	966,294	165.13%
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%

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, 2013

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 327,890	\$ 298,574	109.82%	\$ 875,556
2012	275,939	324,127	85.13%	915,043
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

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, 2013

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)
4/30/13	N/A	N/A	N/A	N/A	N/A	N/A
4/30/12	-	\$ 1,826,860	\$ 1,826,860	0.00%	\$ 3,080,534	59.30%
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.

VILLAGE OF CHATHAM, ILLINOIS

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

April 30, 2013

<u>Fiscal Year Ending</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 17,099	\$ 173,077	9.88%	\$ 376,604
2012	5,315	78,058	6.81%	219,165
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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 950,000	\$ 950,000	\$ 977,580
Replacement tax	2,500	2,500	2,458
Road and bridge taxes	60,000	60,000	59,688
Sales taxes	807,500	807,500	850,722
Income taxes	920,000	920,000	1,036,386
Local use tax	187,450	187,450	183,179
Telecommunications tax	275,000	275,000	271,479
Franchise fees	214,000	214,000	210,605
Business licenses	22,000	22,000	16,725
Building and zoning fees	71,500	71,500	54,210
Fines	91,000	91,000	119,182
Recreation program fees and contributions	20,000	20,000	28,848
Cemetery fees	16,500	16,500	12,075
Charges for services	65,000	65,000	15,563
Administration fee	268,000	268,000	268,000
Investment income	1,000	1,000	1,088
Other	52,000	52,000	36,970
Federal grants	12,000	12,000	10,308
	<u>4,035,450</u>	<u>4,035,450</u>	<u>4,155,066</u>
EXPENDITURES			
General government:			
Salaries and overtime	257,500	257,500	253,686
Village officials	54,000	52,000	51,791
Other payroll expenditures	96,200	124,700	123,564
Travel and training	7,500	6,000	3,852
Legal fees	39,200	47,200	43,087
Professional services	100,800	105,800	104,853
Accounting and auditing fees	2,500	2,500	2,500
Building and grounds maintenance	15,200	16,200	14,947
Vehicle and equipment maintenance	9,000	6,000	4,509
Office expenditures	14,800	16,800	15,693
IT & GIS	41,200	50,200	40,221
General insurance	22,000	22,000	21,345
Refunds	2,500	2,500	686
	<u>662,400</u>	<u>709,400</u>	<u>680,734</u>
Total general government			(continued)

VILLAGE OF CHATHAM, ILLINOIS
General Fund

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

For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual
Cemetery:			
Salaries and overtime	\$ 24,500	\$ 24,500	\$ 23,565
Other payroll expenditures	5,800	6,300	5,402
Building and grounds maintenance	18,500	18,000	15,465
	<hr/>	<hr/>	<hr/>
Total cemetery	48,800	48,800	44,432
	<hr/>	<hr/>	<hr/>
Culture and recreation:			
Salaries and overtime	244,000	235,500	226,907
Other payroll expenditures	74,000	79,500	74,919
Building and grounds maintenance	39,600	39,600	33,186
Program expenditures	17,800	19,300	19,173
4th of July	7,000	7,000	7,000
Vehicle and equipment maintenance	32,700	23,700	20,218
Office expenditures	1,800	3,300	2,289
Equipment purchase	4,950	4,950	3,128
Uniforms and supplies	4,950	4,850	3,785
Operating supplies	200	300	287
	<hr/>	<hr/>	<hr/>
Total culture and recreation	427,000	418,000	390,892
	<hr/>	<hr/>	<hr/>
Public safety:			
Salaries and overtime	1,288,500	1,295,500	1,255,508
Other payroll expenditures	415,500	403,000	387,530
Travel and training	4,850	4,850	3,442
Professional services	5,450	5,450	2,994
Building and grounds maintenance	6,100	7,600	6,531
Vehicle and equipment maintenance	65,000	63,500	53,936
Office expenditures	54,200	51,200	46,492
General insurance	39,000	39,000	37,196
Emergency services	16,500	16,500	12,697
Equipment purchase	9,800	26,300	20,982
Pension contribution	325,600	328,100	327,890
Uniforms and supplies	25,100	19,100	16,250
Crime prevention	700	700	544
	<hr/>	<hr/>	<hr/>
Total public safety	2,256,300	2,260,800	2,171,992
	<hr/>	<hr/>	<hr/>

(continued)

VILLAGE OF CHATHAM, ILLINOIS
General Fund

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

For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual
Public works/transportation:			
Employee salaries and overtime	\$ 267,500	\$ 274,500	\$ 234,657
Other payroll expenditures	117,600	118,600	112,403
Professional services	1,000	1,000	668
Building and ground maintenance	6,850	6,850	4,091
Vehicle and equipment maintenance	76,050	72,550	65,387
General insurance	23,000	23,000	21,411
Equipment purchase	40,000	41,000	37,318
Uniforms and supplies	10,900	8,900	7,221
Street maintenance	11,500	6,500	4,009
Operating supplies	4,000	4,000	3,368
Office expenditures	3,500	5,000	3,647
Total public works/transportation	561,900	561,900	494,180
Debt service			
Principal	30,000	30,000	30,000
Interest	8,500	8,500	8,250
Total debt service	38,500	38,500	38,250
Total expenditures	3,994,900	4,037,400	3,820,480
EXCESS OR DEFICIENCIES OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	40,550	(1,950)	334,586
OTHER FINANCING SOURCES (USES)			
Transfer out	(96,000)	(96,000)	(96,000)
Note proceeds	16,565	16,565	-
Total other financing (uses)	(79,435)	(79,435)	(96,000)
NET CHANGE IN FUND BALANCE	\$ (38,885)	\$ (81,385)	238,586
FUND BALANCE - MAY 1, 2012			518,343
FUND BALANCE - APRIL 30, 2013			\$ 756,929 (concluded)

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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 500,000	\$ 500,000	\$ 498,991
Investment income	2,000	2,000	1,906
	502,000	502,000	500,897
EXPENDITURES			
General government	9,600	9,600	6,576
Economic development	65,000	65,000	34,683
	74,600	74,600	41,259
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)			
	427,400	427,400	459,638
OTHER FINANCING SOURCES (USES)			
Transfer out	(125,000)	(125,000)	(111,022)
	(125,000)	(125,000)	(111,022)
NET CHANGE IN FUND BALANCE			
	\$ 302,400	\$ 302,400	348,616
FUND BALANCE - MAY 1, 2012			660,085
FUND BALANCE - APRIL 30, 2013			\$ 1,008,701

See accompanying Independent Auditors' Report.

VILLAGE OF CHATHAM, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2013

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
STATEMENTS AND SCHEDULES

VILLAGE OF CHATHAM, ILLINOIS
Nonmajor Governmental Funds

COMBINING BALANCE SHEET

April 30, 2013

	Special Revenue				Debt	Capital	Permanent	Total
	Motor Fuel Tax	Veteran's Memorial Brick	Yard Waste, Recycling and Refuse	Police and Public Works Utility Tax	Service TIF District	Projects Capital Projects	Cemetery Trust	
ASSETS								
Cash and cash equivalents	\$ 196,728	\$ 10,395	\$ 176,994	\$ 34,974	\$ -	\$ 197,625	\$ 158,269	\$ 774,985
Restricted accounts - cash	-	-	-	-	107,167	-	-	107,167
Investments	-	-	-	-	-	-	205,158	205,158
Taxes receivable	19,777	-	-	-	-	-	-	19,777
Other receivables	-	-	12,343	-	-	-	3,843	16,186
Due from other funds	-	-	515	-	-	-	-	515
Due from other governments	-	-	-	-	-	16,800	-	16,800
Accrued interest receivable	-	-	-	-	-	-	136	136
Total current assets	<u>216,505</u>	<u>10,395</u>	<u>189,852</u>	<u>34,974</u>	<u>107,167</u>	<u>214,425</u>	<u>367,406</u>	<u>1,140,724</u>
TOTAL ASSETS	<u>\$ 216,505</u>	<u>\$ 10,395</u>	<u>\$ 189,852</u>	<u>\$ 34,974</u>	<u>\$ 107,167</u>	<u>\$ 214,425</u>	<u>\$ 367,406</u>	<u>\$ 1,140,724</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ 3,661	\$ -	\$ 550	\$ -	\$ -	\$ -	\$ -	\$ 4,211
Accrued payroll	-	-	1,526	-	-	-	-	1,526
Payroll tax liabilities	-	-	330	-	-	-	-	330
Due to other funds	-	-	12	2,029	-	-	-	2,041
TOTAL LIABILITIES	<u>3,661</u>	<u>-</u>	<u>2,418</u>	<u>2,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,108</u>
FUND BALANCE								
Nonspendable								
Corpus of permanent fund	-	-	-	-	-	-	301,293	301,293
Restricted								
Debt service	-	-	-	-	107,167	-	-	107,167
Public works	212,844	-	-	-	-	-	-	212,844
Unrestricted								
Committed								
Veteran's memorial brick	-	10,395	-	-	-	-	-	10,395
Yard waste	-	-	187,434	-	-	-	-	187,434
Public safety	-	-	-	10,497	-	-	-	10,497
Public works	-	-	-	22,448	-	-	-	22,448
Cemetery	-	-	-	-	-	-	66,113	66,113
Assigned								
Capital projects	-	-	-	-	-	214,425	-	214,425
Total fund balance	<u>212,844</u>	<u>10,395</u>	<u>187,434</u>	<u>32,945</u>	<u>107,167</u>	<u>214,425</u>	<u>367,406</u>	<u>1,132,616</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 216,505</u>	<u>\$ 10,395</u>	<u>\$ 189,852</u>	<u>\$ 34,974</u>	<u>\$ 107,167</u>	<u>\$ 214,425</u>	<u>\$ 367,406</u>	<u>\$ 1,140,724</u>

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, 2013

	Special Revenue				Debt Service	Capital Projects	Permanent	Total
	Motor Fuel Tax	Veteran's Memorial Brick	Yard Waste, Recycling and Refuse	Police and Public Works Utility Tax	TIF District	Capital Projects	Cemetery Trust	
REVENUES								
Motor fuel taxes	\$ 331,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,740
Telecommunications tax	-	-	-	67,870	-	-	-	67,870
Fees and service charges	-	750	119,099	-	-	-	19,200	139,049
Federal grants	-	-	-	-	-	16,800	-	16,800
Investment income	496	26	600	17	1,054	544	2,393	5,130
Total revenues	332,236	776	119,699	67,887	1,054	17,344	21,593	560,589
EXPENDITURES								
Current								
Culture and recreation	-	551	-	15,137	-	-	-	15,688
Public safety	-	-	-	43,498	-	-	-	43,498
Public works/transportation	453,685	-	197,265	15,210	-	-	-	666,160
Capital outlay	-	-	-	-	-	48,246	-	48,246
Debt service:								
Principal	-	-	-	-	110,000	-	-	110,000
Interest	-	-	-	-	11,023	-	-	11,023
Total expenditures	453,685	551	197,265	73,845	121,023	48,246	-	894,615
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(121,449)	225	(77,566)	(5,958)	(119,969)	(30,902)	21,593	(334,026)
OTHER FINANCING SOURCES (USES)								
Transfer in	-	-	-	-	111,022	96,000	-	207,022
Capital lease proceeds	-	-	103,873	-	-	-	-	103,873
Total other financing sources (uses)	-	-	103,873	-	111,022	96,000	-	310,895
NET CHANGE IN FUND BALANCE	(121,449)	225	26,307	(5,958)	(8,947)	65,098	21,593	(23,131)
FUND BALANCE - MAY 1, 2012	334,293	10,170	161,127	38,903	116,114	149,327	345,813	1,155,747
FUND BALANCE - APRIL 30, 2013	\$ 212,844	\$ 10,395	\$ 187,434	\$ 32,945	\$ 107,167	\$ 214,425	\$ 367,406	\$ 1,132,616

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, 2013

	Motor Fuel Tax		Veteran's Memorial Brick		Yard Waste, Recycling and Refuse		Police and Public Works Utility Tax	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
REVENUES								
Motor fuel tax	\$ 286,350	\$ 331,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telecommunications tax	-	-	-	-	-	-	70,000	67,870
Fees and service charges	-	-	1,200	750	118,000	119,099	-	-
Investment income	100	496	50	26	500	600	-	17
Total revenues	<u>286,450</u>	<u>332,236</u>	<u>1,250</u>	<u>776</u>	<u>118,500</u>	<u>119,699</u>	<u>70,000</u>	<u>67,887</u>
EXPENDITURES								
Street maintenance and improvements	455,335	411,816	-	-	-	-	-	-
Yard waste supplies and services	-	-	-	-	99,900	69,868	-	-
Professional services	41,995	41,869	-	-	15,000	12,124	-	-
Building and grounds maintenance	-	-	1,200	551	-	-	-	-
Equipment	-	-	-	-	127,000	115,273	117,000	73,845
Total expenditures	<u>497,330</u>	<u>453,685</u>	<u>1,200</u>	<u>551</u>	<u>241,900</u>	<u>197,265</u>	<u>117,000</u>	<u>73,845</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(210,880)</u>	<u>(121,449)</u>	<u>50</u>	<u>225</u>	<u>(123,400)</u>	<u>(77,566)</u>	<u>(47,000)</u>	<u>(5,958)</u>
OTHER FINANCING SOURCES (USES)								
Capital lease proceeds	-	-	-	-	105,000	103,873	25,000	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>103,873</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (210,880)</u>	<u>(121,449)</u>	<u>\$ 50</u>	<u>225</u>	<u>\$ (18,400)</u>	<u>26,307</u>	<u>\$ (22,000)</u>	<u>(5,958)</u>
FUND BALANCE - MAY 1, 2012		<u>334,293</u>		<u>10,170</u>		<u>161,127</u>		<u>38,903</u>
FUND BALANCE - APRIL 30, 2013		<u>\$ 212,844</u>		<u>\$ 10,395</u>		<u>\$ 187,434</u>		<u>\$ 32,945</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, 2013

	TIF District	
	Final Budget	Actual
REVENUES		
Investment income	\$ 1,200	\$ 1,054
Total revenues	1,200	1,054
EXPENDITURES		
Debt service:		
Principal	110,000	110,000
Interest	15,000	11,023
Total expenditures	125,000	121,023
(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(123,800)	(119,969)
OTHER FINANCING SOURCES		
Transfer in	125,000	111,022
Total other financing sources	125,000	111,022
NET CHANGE IN FUND BALANCE	\$ 1,200	(8,947)
FUND BALANCE - MAY 1, 2012		116,114
FUND BALANCE - APRIL 30, 2013		\$ 107,167

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, 2013

	Capital Projects	
	Final Budget	Actual
REVENUES		
State grants	\$ -	\$ -
Federal grants	-	16,800
Investment income	300	544
Total revenues	300	17,344
EXPENDITURES		
Construction	279,300	48,246
Total expenditures	279,300	48,246
(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES		
	(279,000)	(30,902)
OTHER FINANCING SOURCES		
Transfer in	96,000	96,000
Total other financing sources	96,000	96,000
NET CHANGE IN FUND BALANCE	\$ (183,000)	65,098
FUND BALANCE - MAY 1, 2012		149,327
FUND BALANCE - APRIL 30, 2013		\$ 214,425

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, 2013

	Cemetery Trust	
	Final Budget	Actual
REVENUES		
Fees and service charges	\$ 28,000	\$ 19,200
Investment income	4,000	2,393
Total revenues	32,000	21,593
EXPENDITURES		
Construction	20,000	-
Total expenditures	20,000	-
 NET CHANGE IN FUND BALANCE	 \$ 12,000	 21,593
 FUND BALANCE - MAY 1, 2012		 345,813
 FUND BALANCE - APRIL 30, 2013		 \$ 367,406

See accompanying Independent Auditor's Report.

SUPPLEMENTAL FINANCIAL INFORMATION

VILLAGE OF CHATHAM, ILLINOIS
Electric Fund

COMPARATIVE STATEMENT OF NET POSITION

April 30, 2013 and 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,437,319	\$ 1,126,882
Restricted accounts - cash	210,272	173,114
Accounts receivable	627,101	702,147
Due from other funds	-	150,342
Inventory	480,027	516,824
Total current assets	2,754,719	2,669,309
Capital Assets:		
Capital assets, not being depreciated	279,734	279,734
Property and equipment	17,700,278	17,338,001
Less: accumulated depreciation	(6,549,729)	(6,050,265)
Capital assets, net	11,430,283	11,567,470
Total assets	14,185,002	14,236,779
LIABILITIES		
Current Liabilities:		
Accounts payable	42,633	19,216
Unearned revenue	-	7,067
Accrued payroll	34,679	32,288
Accrued compensated absences payable	109,507	94,303
Due to other funds	6,851	11,142
Customer deposits	123,950	115,790
Accrued interest payable	85,376	89,764
Other payables	7,528	23,321
Current maturities of long term debt:		
G.O. bonds (Alternate Revenue Source) payable	205,000	200,000
Debt certificates	40,000	40,000
Loan payable	20,068	26,817
Capital lease payable	14,231	13,933
Total current liabilities	689,823	673,641
Long-Term Liabilities:		
Net OPEB obligation	62,571	36,596
G.O. bonds (Alternate Revenue Source) payable	3,785,000	3,990,000
Debt certificates	85,000	125,000
Loan payable	-	20,053
Capital lease payable	-	14,188
Total long-term liabilities	3,932,571	4,185,837
Total liabilities	4,622,394	4,859,478
NET POSITION		
Investment in capital assets	7,280,984	7,137,479
Restricted for debt service	210,272	173,114
Unrestricted	2,071,352	2,066,708
Total net position	\$ 9,562,608	\$ 9,377,301

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS
Electric Fund

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Years Ended April 30, 2013 and 2012

	2013	2012
REVENUES		
User charges	\$ 8,567,190	\$ 8,293,039
Other income	64,927	52,318
Total revenues	8,632,117	8,345,357
EXPENSES		
Electricity purchases	5,767,189	5,342,242
Distribution and customer service	1,994,809	1,782,402
Depreciation	518,387	516,834
Total expenses	8,280,385	7,641,478
OPERATING INCOME	351,732	703,879
NONOPERATING INCOME (EXPENSE)		
Investment income	7,965	5,190
FEMA grant	-	2,477
Interest expense	(174,390)	(184,464)
Total nonoperating (expense)	(166,425)	(176,797)
CHANGE IN NET POSITION	185,307	527,082
NET POSITION - BEGINNING	9,377,301	8,850,219
NET POSITION - ENDING	\$ 9,562,608	\$ 9,377,301

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS
TIF District

COMPARATIVE BALANCE SHEET

April 30, 2013 and 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and cash equivalents - restricted	\$ 1,008,709	\$ 660,085
Taxes receivable	526,261	499,278
Total current assets	1,534,970	1,159,363
TOTAL ASSETS	\$ 1,534,970	\$ 1,159,363
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 8	\$ -
Total current liabilities	8	-
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	526,261	499,278
Total deferred inflows of resources	526,261	499,278
Total liabilities and deferred inflows of resource	526,269	499,278
FUND BALANCES		
Restricted for economic development	1,008,701	660,085
Total fund balances	1,008,701	660,085
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,534,970	\$ 1,159,363

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, 2013 and 2012

	2013	2012
REVENUES		
Property taxes	\$ 498,991	\$ 490,349
Investment income	1,906	2,482
	500,897	492,831
Total revenues		
EXPENDITURES		
Current operations:		
General government	6,576	6,578
Economic development	34,683	37,361
	41,259	43,939
Total expenditures		
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	459,638	448,892
OTHER FINANCING SOURCES (USES)		
Transfer out	(111,022)	(123,113)
Total other financing sources (uses)	(111,022)	(123,113)
NET CHANGE IN FUND BALANCE	348,616	325,779
FUND BALANCE - BEGINNING	660,085	334,306
FUND BALANCE - ENDING	\$ 1,008,701	\$ 660,085

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF DEBT SERVICE REQUIREMENTS
GOVERNMENTAL ACTIVITIES

April 30, 2013

	Tax Increment Financing General Obligation (Alternative Revenue Source) Bonds, Series 2009		General Obligation Bonds Series, 2001		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
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>\$ 360,000</u>	<u>\$ 15,734</u>	<u>\$ 135,000</u>	<u>\$ 17,300</u>	<u>\$ 528,034</u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF DEBT SERVICE REQUIREMENTS
BUSINESS-TYPE ACTIVITIES

April 30, 2013

	Electric General Obligation (Alternative Revenue Source) Bonds, Series 2006		Electric General Obligation (Alternative Revenue Source) Bonds, Series 2008		Electric Fund Debt Certificates of 2010		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
	2013-2014	\$ 145,000	\$ 105,694	\$ 60,000	\$ 60,370	\$ 40,000	
2014-2015	150,000	100,271	60,000	58,150	40,000	2,438	410,859
2015-2016	155,000	94,661	65,000	55,810	45,000	844	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>\$ 2,660,000</u>	<u>\$ 879,803</u>	<u>\$ 1,330,000</u>	<u>\$ 591,692</u>	<u>\$ 125,000</u>	<u>\$ 7,220</u>	<u>\$ 5,593,715</u>

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF INVESTMENTS

April 30, 2013

	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Police Pension Fund				
LPL Financial				
Allianz Fund NFJ	71,322	80,634		
Cohen & Steers Realty	46,051	51,066		
DWS AREEF Global	44,454	52,336		
Fidelity Advisor Energy	41,927	45,819		
Fidelity Advisor Emerging Markets	43,580	46,744		
Fidelity Advisor New Insights	66,875	79,433		
Loomis Sayles	127,772	132,542		
Oppenheimer Developing Markets	27,773	29,327		
Oppenheimer Senior Floating Rate	91,159	93,547		
PIMCO Total	126,739	128,441		
Principal High Yield	92,103	97,046		
Principal Preferred	43,970	47,838		
Vanguard Short Term	46,349	46,771		
United Community Bank				
Certificate of Deposit	129,765	129,765	2.90%	9/29/2014
Certificate of Deposit	132,025	132,025	2.50%	9/25/2015
Certificate of Deposit	133,687	133,687	2.45%	6/11/2014
Bank of Springfield:				
Certificate of Deposit	98,099	98,099	3.11%	8/28/2014
Certificate of Deposit	110,316	110,316	0.81%	12/30/2015
First Bankers Trust:				
Certificate of Deposit	101,297	101,297	1.00%	12/4/2015
Certificate of Deposit	148,704	148,704	2.60%	10/27/2014
Marine Bank:				
Certificate of Deposit	109,074	109,074	2.48%	9/18/2013
Certificate of Deposit	107,431	107,431	2.88%	8/1/2015
Certificate of Deposit	127,313	127,313	2.14%	3/8/2016
Certificate of Deposit	52,178	52,178	2.14%	1/31/2016
Certificate of Deposit	52,862	52,862	2.24%	8/31/2014
US Bank:				
Certificate of Deposit	100,000	100,000	4.40%	9/24/2013
Williamsville State Bank:				
Certificate of Deposit	150,000	150,000	3.21%	8/31/2014
Bank & Trust:				
Certificate of Deposit	100,454	100,454	0.90%	8/27/2014
Certificate of Deposit	100,555	100,555	1.10%	8/27/2015
Certificate of Deposit	205,332	205,332	1.75%	8/27/2015
Certificate of Deposit	126,342	126,342	1.75%	3/7/2014
Certificate of Deposit	159,812	159,812	1.75%	6/23/2014
Certificate of Deposit	103,052	103,052	2.00%	8/16/2016
Certificate of Deposit	251,811	251,811	1.45%	10/30/2017
Security Bank				
Certificate of Deposit	250,000	250,000	0.75%	11/13/2015
Town and Country Bank:				
Certificate of Deposit	152,630	152,630	2.41%	7/23/2014
Certificate of Deposit	95,000	95,000	1.63%	4/23/2014
Carrolton Bank				
Certificate of Deposit	108,747	108,747	3.06%	6/11/2015
Total Fiduciary Funds	<u>\$ 4,076,560</u>	<u>\$ 4,138,030</u>		
Cemetery Trust Fund				
Bank & Trust:				
Certificate of Deposit	205,158	205,158	0.55%	3/17/2014
Total Governmental Funds	<u>\$ 205,158</u>	<u>205,158</u>		

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM
SCHEDULE OF INSURANCE COVERAGE
April 30, 2013

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	12/31/2012	12/31/2013	Bodily Injury and Property Damage	General, Products/ Completed Operations, Advertising Injury, and Personal Injury - \$8,000,000 per occurrence Fire Damage - \$8,000,000 per occurrence Liquor Liability - \$1,000,000 per occurrence	\$ 194,808
Commercial General Liability Illinois Municipal League Risk Management Association	0687D0105	12/31/2012	12/31/2013	Commercial Liability	\$8,000,000 per occurrence	
Automobile Liability Illinois Municipal League Risk Management Association	0687D0105	12/31/2012	12/31/2013	Automobile Liability	\$8,000,000 per occurrence	
Worker's Compensation Illinois Municipal League Risk Management Association	0687D0105	12/31/2012	12/31/2013	Workers Compensation Employers Liability	\$3,000,000 per occurrence	
Property/Inland Marine/Auto Coverage Physical Damage Illinois Municipal League Risk Management Association	0687D0105	12/31/2012	12/31/2013	Property Liability	\$250,000,000 per occurrence	
Reinsurance Illinois Municipal League Risk Management Association	0687D0105	12/31/2012	12/31/2013	Reinsurance	\$250,000,000 per occurrence	
Boiler & Machinery Cincinnati Insurance	BEP2647869	10/1/2012	10/29/2013	Boiler & Machinery	\$1,000,000	\$ 8,388

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF ELECTRIC RATES CHARGED

April 30, 2013

The Electric System served 5,224 customers as of April 30, 2013. The Village provided 75,244,700 kilowatt hours to its customers during fiscal year 2013. 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, 2013

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

REPORT OF INDEPENDENT ACCOUNTANT'S ON COMPLIANCE

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

We have examined management's assertion that the Village of Chatham, Illinois, complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2013. As discussed in that representation letter, management is responsible for the Village of Chatham, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

Our examination was made in accordance with the standards established by the American Institute of Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village of Chatham, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village of Chatham, Illinois' compliance with statutory requirements.

In our opinion, management's assertion that the Village of Chatham, Illinois, complied with the aforementioned requirements for the year ended April 30, 2013, is fairly stated in all material respects.

This report is intended solely for the information and use of the Village Board, management and the Illinois Department of Revenue, Illinois State Comptrollers office and the Joint Review Board and should not be used by anyone other than these specified parties.



Springfield, Illinois
October 24, 2013

ADDITIONAL SCHEDULES

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF ASSESSED VALUATIONS, RATES
EXTENSIONS AND COLLECTIONS

Tax Years 2012, 2011, and 2010

	<u>2012</u>	<u>2011</u>	<u>2010</u>
ASSESSED VALUATION	<u>\$ 216,782,554</u>	<u>\$ 208,597,498</u>	<u>\$ 197,979,674</u>
TAX RATES			
General	0.2379	0.2139	0.2301
Police Pension	0.1336	0.1561	0.1395
I.M.R.F.	0.0489	0.0479	0.0505
Police Protection	<u>0.0553</u>	<u>0.0475</u>	<u>0.0453</u>
	<u>0.4757</u>	<u>0.4654</u>	<u>0.4654</u>
EXTENSIONS			
General	\$ 515,726	\$ 446,190	\$ 455,551
Police Pension	289,621	325,621	276,182
I.M.R.F.	106,007	99,918	99,980
Police Protection	<u>119,881</u>	<u>99,084</u>	<u>89,685</u>
	<u>\$ 1,031,235</u>	<u>\$ 970,813</u>	<u>\$ 921,398</u>
COLLECTIONS			
General (includes I.M.R.F. and Police Protection)		\$ 649,690	\$ 644,650
Police Pension		<u>327,890</u>	<u>275,939</u>
		<u>\$ 977,580</u>	<u>\$ 920,589</u>
Village share of road and bridge taxes		<u>\$ 59,688</u>	<u>\$ 58,708</u>

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

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS
 SCHEDULE OF LEGAL DEBT MARGIN

Tax Year 2012

Assessed valuation - 2012 levy		\$ 216,782,554
Statutory debt limitation (8.625% of valuation)		\$ 18,697,495
Total debt:		
General obligation bonds	\$ 135,000	
Electric debt certificates	125,000	
Tax increment financing general obligation (alternative revenue source) bonds	360,000	
Electric general obligation (alternative revenue source) bonds	<u>3,990,000</u>	
	4,610,000	
Less debt paid from other sources	<u>(4,475,000)</u>	<u>(135,000)</u>
LEGAL DEBT MARGIN		<u><u>\$ 18,562,495</u></u>

See accompanying Independent Auditor's Report.