

VILLAGE OF CHATHAM, ILLINOIS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED APRIL 30, 2016

Village of Chatham, Illinois

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2016, 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 principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit includes 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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.

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 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, related to the 2015 financial statements are presented for purposes of additional analysis and are not a required part of these 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 2015 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.

Estes, Bridgewater & Ogden

Certified Public Accountants
Springfield, Illinois

October 31, 2016

Village of Chatham, Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Village of Chatham, Illinois (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, 2016.

Financial Highlights

- The assets of the Village of Chatham exceeded liabilities at April 30, 2016 by \$28,772,820.
- The Village's net position increased by \$2,018,218 during the year compared to last year's net position.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,745,380 or 44.13% 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).

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 13-15 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.

Village of Chatham, Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 statements 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.

The governmental fund financial statements can be found on pages 16-19 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 20-22 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 23-24 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 25-60 of the report.

Village of Chatham, Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 61-71 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 72-77 of this report.

Financial Analysis of the Village as a Whole
Table 1
Statement of Financial Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 5,385,158	\$ 4,342,965	\$ 3,846,066	\$ 2,913,616	\$ 9,231,224	\$ 7,256,581
Capital Assets	15,793,306	15,647,415	19,193,993	19,549,729	34,987,299	35,197,144
Deferred Outflows of Resources	<u>816,375</u>	<u>-</u>	<u>756,038</u>	<u>-</u>	<u>1,572,413</u>	<u>-</u>
Total Assets	<u>21,994,839</u>	<u>19,990,380</u>	<u>23,796,097</u>	<u>22,463,345</u>	<u>45,790,936</u>	<u>42,453,725</u>
Current Liabilities	581,082	784,206	1,271,126	1,401,797	1,852,208	2,186,003
Non-current Liabilities	<u>7,172,492</u>	<u>1,646,045</u>	<u>6,120,676</u>	<u>4,494,982</u>	<u>13,293,168</u>	<u>6,141,027</u>
Total Liabilities	<u>7,753,574</u>	<u>2,430,251</u>	<u>7,391,802</u>	<u>5,896,779</u>	<u>15,145,376</u>	<u>8,327,030</u>
Deferred Inflows of Resources	<u>1,737,503</u>	<u>1,699,125</u>	<u>135,237</u>	<u>121,418</u>	<u>1,872,740</u>	<u>1,820,543</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,491,077</u>	<u>4,129,376</u>	<u>7,527,039</u>	<u>6,018,197</u>	<u>17,018,116</u>	<u>10,147,573</u>
Net Position:						
Invested in Capital Assets						
Net of Debt	15,390,867	15,360,931	14,879,229	14,776,580	30,270,096	30,137,511
Restricted	1,199,613	660,783	287,472	370,231	1,487,085	1,031,014
Unrestricted	(4,086,718)	(160,710)	1,102,357	1,298,337	(2,984,361)	1,137,627
Total Net Position	<u>\$12,503,762</u>	<u>\$15,861,004</u>	<u>\$16,269,058</u>	<u>\$16,445,148</u>	<u>\$28,772,820</u>	<u>\$32,306,152</u>

The Village's combined net position decreased by \$3,533,332 from \$32,306,152 to \$28,772,820. This change is the result of \$3,357,242 and \$176,090 in the net position of governmental activities and business-type activities respectively. The change in net position was significantly impacted by the Village's implementation of Statement No. 68 Accounting and Financial Reporting for Pensions of the Governmental Accounting Standards Board. The implementation of this new financial reporting standard entailed the recognition of net pension liabilities totaling \$7,425,592 and deferred outflows of resources amounting to \$1,572,413 as of April 30, 2016. These items pertain to the Village's participation in the Chatham Police Pension Fund and the Illinois Municipal Retirement Fund. Under previous financial reporting standards, the Village was only required to report its obligations to the pension funds as required supplementary information.

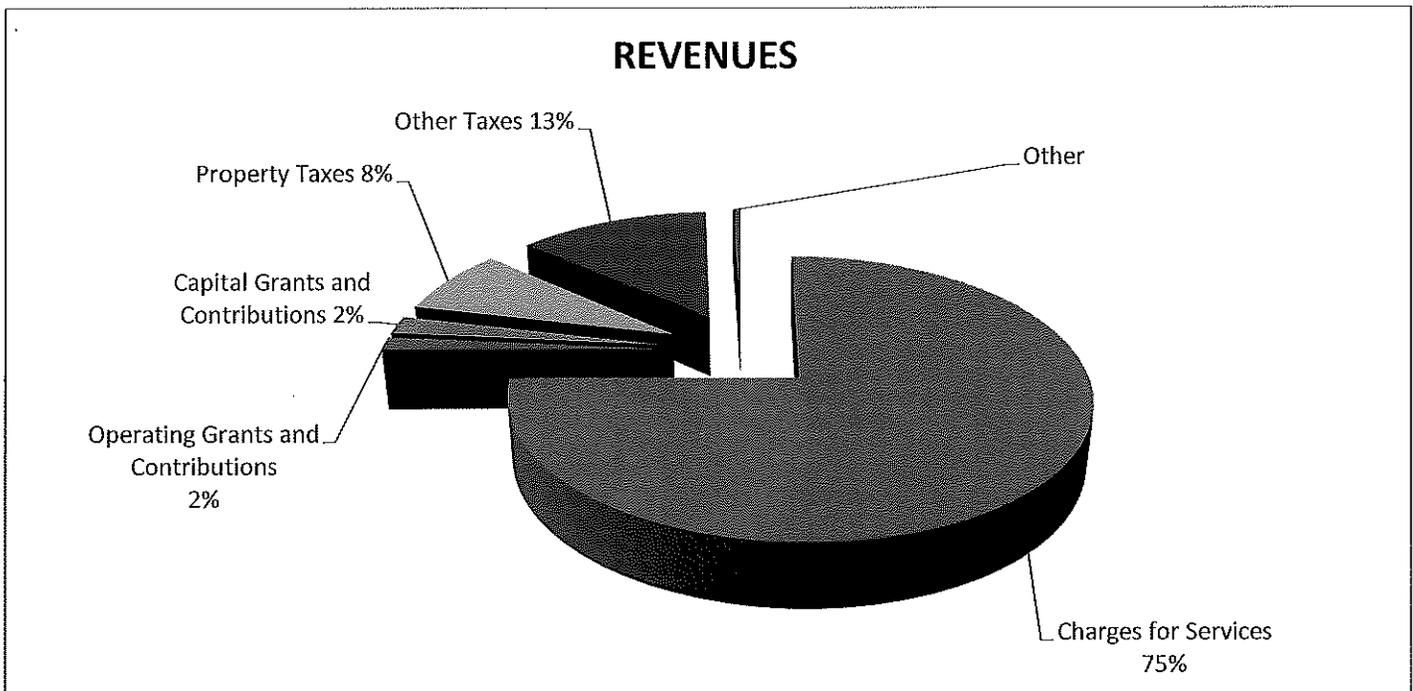
For more detailed information, see the Statement of Net Position on pages 13-14.

Village of Chatham, Illinois
MANAGEMENT'S 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 795,732	\$ 924,211	\$15,354,962	\$14,530,879	\$16,150,694	\$15,455,090
Operating Grants and Contributions	341,996	354,771	-	-	341,996	354,771
Capital Grants and Contributions	289,479	1,171,228	162,782	589,496	452,261	1,760,724
General Revenues:						
Property Taxes	1,696,421	1,621,673	-	-	1,696,421	1,621,673
Other Taxes	2,792,874	2,590,697	-	-	2,792,874	2,590,697
Other	110,481	26,623	3,961	2,977	114,442	29,600
Total Revenues	<u>6,026,983</u>	<u>6,689,203</u>	<u>15,521,705</u>	<u>15,123,352</u>	<u>21,548,688</u>	<u>21,812,555</u>
EXPENSES						
General Government	696,626	667,302	-	-	696,626	667,302
Cemetery	45,791	46,854	-	-	45,791	46,854
Culture and Recreation	460,039	530,004	-	-	460,039	530,004
Public Safety	2,604,840	2,376,929	-	-	2,604,840	2,376,929
Public Works	1,195,975	1,364,512	-	-	1,195,975	1,364,512
Economic Development	31,276	49,969	-	-	31,276	49,969
Electric	-	-	9,181,668	9,096,569	9,181,668	9,096,569
Water and Sewer	-	-	5,306,341	5,530,677	5,306,341	5,530,677
Interest on Long-Term Debt	7,914	11,494	-	-	7,914	11,494
Total Expenses	<u>5,042,461</u>	<u>5,047,064</u>	<u>14,488,009</u>	<u>14,627,246</u>	<u>19,530,470</u>	<u>19,674,310</u>
Change in Net Position	<u>\$ 984,522</u>	<u>\$ 1,642,139</u>	<u>\$ 1,033,696</u>	<u>\$ 496,106</u>	<u>\$ 2,018,218</u>	<u>\$ 2,138,245</u>

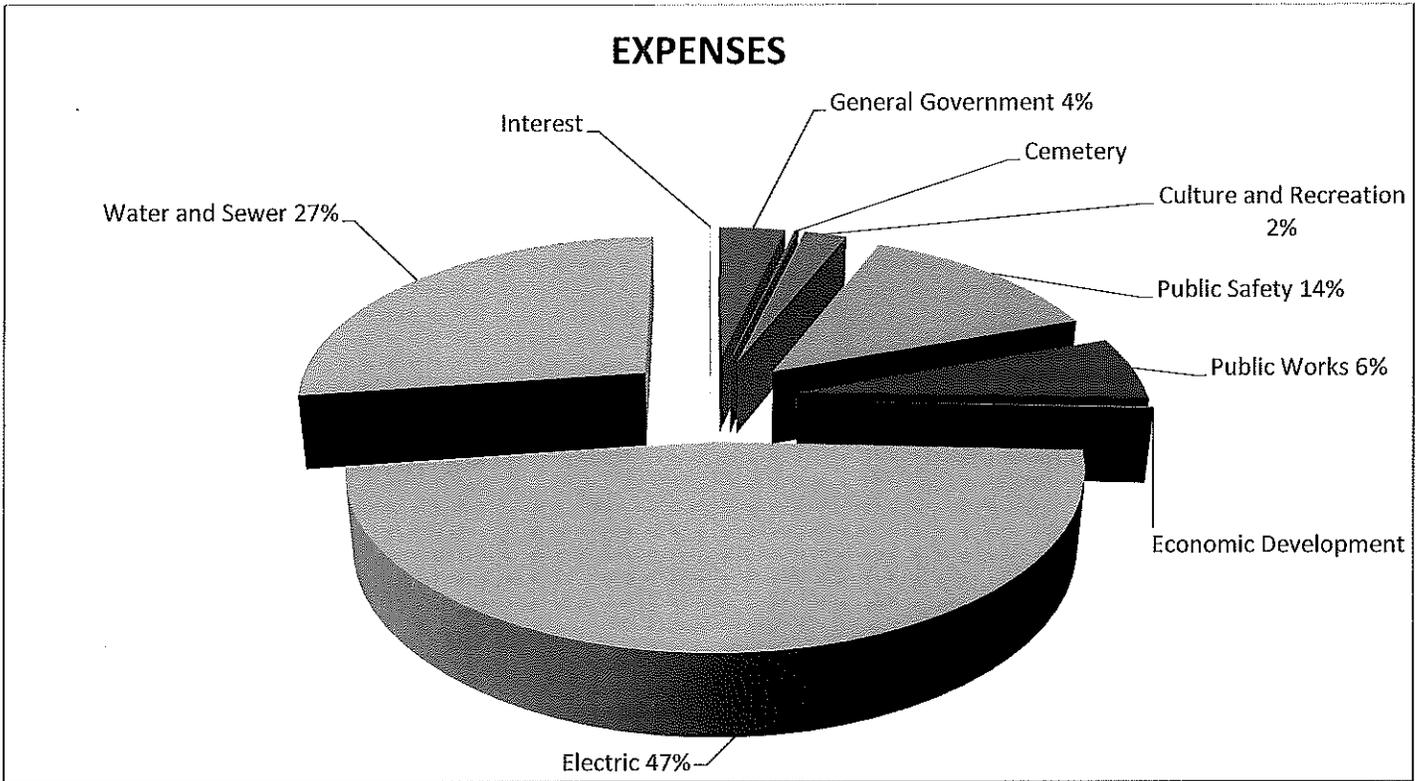
Village of Chatham, Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)



For the fiscal year ended April 30, 2016, revenues totaled \$21.5 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, road and bridge taxes and video gaming taxes.

Charges for services are up 4.5% from \$15.5 million in fiscal year 2015 to \$16.2 million in fiscal year 2016. Service charges for the electric system and water and sewer system are up \$824 thousand over fiscal year 2015, which represents a 5.6% increase over the previous year. This is due to steady growth of new residents as well as rate increases passed for the Village's electric, water and sewer services.

Village of Chatham, Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)



The Village of Chatham's expenses totaled \$19.5 million in 2016. The largest portion of these expenses is for the electric system which represents 47% 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 decreased \$143,840 over last year, which represents a 1% decrease.

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 \$2,018,218 for the fiscal year ended April 30, 2016. Of the net change \$452,261 is due to capital contributions. Capital contributions consist of infrastructure received from developers. The Village's business-type activities had an increase in net position of \$1,033,696. The Electric Fund had a positive change in net position of \$626,770 and the Water and Sewer Fund had a positive change in net position of \$406,926. The positive net change in position in the Water and Sewer Fund includes \$128,300 received in developer contributions of infrastructure of water main and sanitary sewer.

Village of Chatham, Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table 3
General Fund Budgetary Highlights for the
Fiscal Year Ended April 30, 2016
With Comparative Actual Totals for the Year Ended April 30, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual 2016</u>	<u>Actual 2015</u>
REVENUES				
Taxes	\$3,678,750	\$3,678,750	\$3,858,374	\$3,613,562
Licenses and Permits	678,100	678,100	666,150	785,353
Other	<u>66,125</u>	<u>66,125</u>	<u>106,970</u>	<u>264,123</u>
Total Revenues	<u>4,422,975</u>	<u>4,422,975</u>	<u>4,631,494</u>	<u>4,663,038</u>
EXPENDITURES AND TRANSFERS				
Expenditures	(4,201,567)	(4,316,367)	(3,954,834)	(4,066,870)
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(326,000)</u>
Total Expenditures and Transfers	<u>(4,201,567)</u>	<u>(4,316,367)</u>	<u>(3,954,834)</u>	<u>(4,392,870)</u>
Change in Fund Balance	<u>\$ 221,408</u>	<u>\$ 106,608</u>	<u>\$ 676,660</u>	<u>\$ 270,168</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 \$114,800. Budgets for general government, public safety and public works increased \$80,500, \$3,000 and \$31,300, respectively. Cemetery and culture and recreation budgets remained the same.

The General Fund Revenues received were more than the amount estimated by \$208,519 and expenditures were \$361,533 less than the amended budget.

Village of Chatham, Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets

The following schedule reflects the Village's capital asset balances as of April 30, 2016.

**Capital Assets
Table 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land, not Depreciated	\$ 372,000	\$ 372,000	\$ 318,734	\$ 318,734	\$ 690,734	\$ 690,734
Construction in Progress	135,344	2,063,081	-	248,226	135,344	2,311,307
Improvements	767,861	767,861	68,970	68,970	836,831	836,831
Buildings	950,928	627,423	1,035,509	804,117	1,986,437	1,431,540
Vehicles	971,376	797,224	1,234,921	1,234,921	2,206,297	2,032,145
Equipment	868,161	900,035	1,100,581	1,095,131	1,968,742	1,995,166
Infrastructure	17,135,029	15,021,248	-	-	17,135,029	15,021,248
Utility Plant	-	-	33,771,071	33,074,198	33,771,071	33,074,198
Less:						
Accumulated Depreciation	(5,407,393)	(4,901,457)	(18,335,793)	(17,294,568)	(23,743,186)	(22,196,025)
Total	<u>\$15,793,306</u>	<u>\$15,647,415</u>	<u>\$19,193,993</u>	<u>\$19,549,729</u>	<u>\$34,987,299</u>	<u>\$35,197,144</u>

At year-end the Village's investment in capital assets for governmental activities was \$15,793,306, an increase of \$145,891 over April 30, 2015. At year-end the Village's investment in capital assets for business-type activities was \$19,193,993, a decrease of \$355,736 over April 30, 2015.

Major capital asset events during FY 2016 included the following:

Governmental Activities	
Infrastructure additions	\$2,113,781
Business-type Activities	
Utility Plant additions	\$ 696,873

Additional information on the Village's capital assets can be found in Note 4 on pages 34-37.

Long-Term Debt

As of April 30, 2016, the Village had a total of \$3,376,000 of bonded indebtedness outstanding. Of this amount, \$36,000 comprises debt backed by the full faith and credit of the government. \$3,340,000 of the debt represents bonds that are secured by specified revenue sources (i.e., revenue and alternative source revenue bonds). The Village also had \$1,341,202 of debt consisting of notes payable and capital leases.

Village of Chatham, Illinois
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Long-Term Debt – Continued

During fiscal year 2016, the Village financed two vehicles for the Police Department and a truck for the Street Department through capital lease transactions. These debts are shown in the Governmental Activities column.

**Table 5
 Bonded and Similar Indebtedness**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General Obligation Bonds	\$ 36,000	\$ 71,000	\$ -	\$ -	\$ 36,000	\$ 71,000
TIF Alternate Source						
Revenue Bonds	-	125,000	-	-	-	125,000
Electric Alternate Source						
Revenue Bonds	-	-	3,340,000	3,571,000	3,340,000	3,571,000
Debt Certificates	-	-	-	45,000	-	45,000
Notes Payable	198,031	219,442	877,156	1,015,101	1,075,187	1,234,543
Capital Leases	<u>168,408</u>	<u>90,486</u>	<u>97,607</u>	<u>142,048</u>	<u>266,015</u>	<u>232,534</u>
Total	\$ <u>402,439</u>	\$ <u>505,928</u>	\$ <u>4,314,763</u>	\$ <u>4,773,149</u>	\$ <u>4,717,202</u>	\$ <u>5,279,077</u>

Additional information on the Village's long-term debt can be found in Note 6 on pages 39-47.

Economic Factors

The Village's combined governmental fund's change in net position decreased from 2015 to 2016 by \$657,617. During fiscal year 2016, capital grants and contributions from developers for infrastructure decreased by \$881,749. In 2016, the Village's General Fund revenues exceeded expenditures and transfers out by \$676,660. Both of the Village's Proprietary Funds have shown an increase in operating income and an increase in net position. The Electric Fund had an operating income for the fiscal year 2016 of \$704,666 and an increase in net position of \$626,770. The Water and Sewer Fund had an operating income of \$292,402 and a positive change in net position of \$406,926.

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.

BASIC FINANCIAL STATEMENTS

Village of Chatham, Illinois
STATEMENT OF NET POSITION
 April 30, 2016

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents.....	\$ 2,521,032	\$ 1,772,029	\$ 4,293,061
Restricted accounts - cash.....	527,906	287,472	815,378
Receivables, net			
Accounts	-	1,303,055	1,303,055
Taxes.....	2,156,924	-	2,156,924
Other	65,187	-	65,187
Inventory	-	483,510	483,510
Due from other governments	<u>114,109</u>	<u>-</u>	<u>114,109</u>
Total Current Assets	<u>5,385,158</u>	<u>3,846,066</u>	<u>9,231,224</u>
CAPITAL ASSETS			
Capital assets, not being depreciated	507,344	318,734	826,078
Property and equipment	20,693,355	37,211,052	57,904,407
Less: accumulated depreciation	(5,407,393)	(18,335,793)	(23,743,186)
Total Capital Assets.....	<u>15,793,306</u>	<u>19,193,993</u>	<u>34,987,299</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions.....	<u>816,375</u>	<u>756,038</u>	<u>1,572,413</u>
TOTAL ASSETS	<u>\$21,994,839</u>	<u>\$23,796,097</u>	<u>\$45,790,936</u>

(Continued)

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

Village of Chatham, Illinois
STATEMENT OF NET POSITION
 April 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 109,503	\$ 371,999	\$ 481,502
Accrued payroll.....	35,070	21,743	56,813
Payroll taxes and related liabilities.....	4,503	-	4,503
Accrued compensated absences payable	305,559	212,607	518,166
Customer deposits	-	182,050	182,050
Accrued interest payable.....	600	58,048	58,648
Other payables.....	-	4,721	4,721
G.O. bonds payable – current.....	36,000	-	36,000
G.O. bonds (Alternate Revenue Source) payable – current.....	-	235,000	235,000
Notes payable – current.....	21,836	140,073	161,909
Capital lease payable – current	<u>68,011</u>	<u>44,885</u>	<u>112,896</u>
Total Current Liabilities	<u>581,082</u>	<u>1,271,126</u>	<u>1,852,208</u>
NONCURRENT LIABILITIES			
Net OPEB obligation	614,418	218,285	832,703
G.O. bonds (Alternate Revenue Source) payable.....	-	3,105,000	3,105,000
Notes payable.....	176,195	737,083	913,278
Capital lease payable.....	100,397	52,722	153,119
Net pension liability	<u>6,281,482</u>	<u>2,007,586</u>	<u>8,289,068</u>
Total Noncurrent Liabilities	<u>7,172,492</u>	<u>6,120,676</u>	<u>13,293,168</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue – property taxes.....	1,737,503	-	1,737,503
Unearned revenues – other.....	<u>-</u>	<u>135,237</u>	<u>135,237</u>
Total Deferred Inflows of Resources	<u>1,737,503</u>	<u>135,237</u>	<u>1,872,740</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
	<u>9,491,077</u>	<u>7,527,039</u>	<u>17,018,116</u>
NET POSITION			
Net investment in capital assets	15,390,867	14,879,229	30,270,096
Restricted for maintenance of roadways.....	381,672	-	381,672
Restricted for cemetery care	347,655	-	347,655
Restricted for debt service.....	17,227	287,472	304,699
Restricted for economic development	453,059	-	453,059
Unrestricted.....	(4,086,718)	<u>1,102,357</u>	(2,984,361)
TOTAL NET POSITION.....	<u>\$12,503,762</u>	<u>\$16,269,058</u>	<u>\$28,772,820</u>

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

Village of Chatham, Illinois
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2016

FUNCTIONS/PROGRAMS Primary Government:	Program Revenues			Net (Expense) Revenue and Changes in Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	(\$ 696,626)	\$ 443,887	\$ -	\$ -	(\$ 252,739)	\$ -	(\$ 252,739)
Cemetery	(45,791)	22,000	-	-	(23,791)	-	(23,791)
Culture and recreation	(460,039)	34,120	-	-	(425,919)	-	(425,919)
Public safety	(2,604,840)	76,157	15,611	-	(2,513,072)	-	(2,513,072)
Public works/transportation	(1,195,975)	219,568	326,385	289,479	(360,543)	-	(360,543)
Economic development	(31,276)	-	-	-	(31,276)	-	(31,276)
Interest on long-term debt	(7,914)	-	-	-	(7,914)	-	(7,914)
Total governmental activities	(5,042,461)	795,732	341,996	289,479	(3,615,254)	-	(3,615,254)
Business-type activities:							
Electric	(9,181,668)	9,770,310	-	34,482	-	623,124	623,124
Waterworks and Sewerage	(5,306,341)	5,384,652	-	128,300	-	406,611	406,611
Total business-type activities	(14,488,009)	15,354,962	-	162,782	-	1,029,735	1,029,735
Total Primary Government	(\$19,530,470)	\$16,150,694	\$ 341,996	\$ 452,261	(3,615,254)	1,029,735	(2,585,519)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,696,421	-	1,696,421
Replacement taxes					2,780	-	2,780
Road and bridge taxes					23,867	-	23,867
Sales taxes					933,352	-	933,352
Local use taxes					264,653	-	264,653
Telecommunications taxes					285,038	-	285,038
Video gaming taxes					57,601	-	57,601
Shared income taxes					1,225,583	-	1,225,583
Investment income					7,099	3,961	11,060
Miscellaneous					103,382	-	103,382
Total general revenues					4,599,776	3,961	4,603,737
Change in net position					984,522	1,033,696	2,018,218
Net position - beginning of year, as previously reported					15,861,004	16,445,148	32,306,152
Change in method of accounting for pension					(4,341,764)	(1,209,786)	(5,551,550)
Net Position - beginning of year, as restated					11,519,240	15,235,362	26,754,602
Net position end of year					\$12,503,762	\$16,269,058	\$28,772,820

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

Village of Chatham, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2016

<u>Assets</u>	<u>General</u>	<u>TIF District</u>	<u>Aggregate Nonmajor</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents.....	\$1,329,868	\$ -	\$1,191,164	\$2,521,032
Restricted accounts - cash.....	74,847	453,059	-	527,906
Taxes receivable.....	1,551,822	578,930	26,172	2,156,924
Other receivables.....	51,021	-	14,166	65,187
Due from other funds.....	-	-	616	616
Due from other governments.....	<u>97,353</u>	<u>-</u>	<u>16,756</u>	<u>114,109</u>
TOTAL ASSETS.....	<u>\$3,104,911</u>	<u>\$1,031,989</u>	<u>\$1,248,874</u>	<u>\$5,385,774</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
LIABILITIES				
Accounts payable.....	\$ 86,837	\$ -	\$ 22,666	\$ 109,503
Accrued payroll.....	34,317	-	753	35,070
Payroll tax and related liabilities.....	4,341	-	162	4,503
Due to other funds.....	<u>616</u>	<u>-</u>	<u>-</u>	<u>616</u>
Total Liabilities.....	<u>126,111</u>	<u>-</u>	<u>23,581</u>	<u>149,692</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue – property taxes.....	<u>1,158,573</u>	<u>578,930</u>	<u>-</u>	<u>1,737,503</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,284,684</u>	<u>578,930</u>	<u>23,581</u>	<u>1,887,195</u>
FUND BALANCES				
Nonspendable:				
Corpus of permanent fund.....	-	-	347,655	347,655
Restricted for:				
Debt service.....	17,227	-	-	17,227
Public works.....	-	-	381,672	381,672
Economic development.....	-	453,059	-	453,059
Unrestricted:				
Committed:				
Veteran’s memorial brick.....	-	-	11,651	11,651
Yard waste.....	-	-	236,988	236,988
Public safety.....	54,414	-	5,931	60,345
Public works.....	-	-	8,753	8,753
Cemetery.....	-	-	70,097	70,097
Parks.....	3,206	-	-	3,206
Assigned:				
Capital projects.....	-	-	162,546	162,546
Unassigned.....	<u>1,745,380</u>	<u>-</u>	<u>-</u>	<u>1,745,380</u>
Total Fund Balances.....	<u>1,820,227</u>	<u>453,059</u>	<u>1,225,293</u>	<u>3,498,579</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	<u>\$3,104,911</u>	<u>\$1,031,989</u>	<u>\$1,248,874</u>	<u>\$5,385,774</u>

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, 2016

Fund Balances of Governmental Funds	\$ 3,498,579
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	15,793,306
Deferred Outflows related to pensions	816,375
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences payable.....	(305,559)
Accrued interest payable	(600)
G.O. bonds payable, current.....	(36,000)
Note payable, current.....	(21,836)
Capital lease payable, current.....	(68,011)
Note payable, noncurrent.....	(176,195)
Net pension obligation.....	(6,281,482)
Net OPEB obligation.....	(614,418)
Capital lease payable, noncurrent.....	(<u>100,397</u>)
Net position of governmental activities.....	<u>\$12,503,762</u>

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

Village of Chatham, Illinois
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

	General	TIF District	Aggregate Nonmajor	Total
REVENUES				
Property taxes.....	\$1,122,508	\$ 573,913	\$ -	\$1,696,421
Replacement taxes.....	2,780	-	-	2,780
Road and bridge taxes.....	23,867	-	-	23,867
Sales taxes.....	933,352	-	-	933,352
Local use tax.....	264,653	-	-	264,653
Motor fuel taxes.....	-	-	309,629	309,629
Telecommunications tax.....	228,030	-	57,008	285,038
Video gaming tax.....	57,601	-	-	57,601
Licenses, permits, fees, fines, and service charges..	650,539	-	145,193	795,732
Investment income.....	3,588	741	2,770	7,099
Other.....	103,382	-	-	103,382
Shared income taxes.....	1,225,583	-	-	1,225,583
Federal grants.....	15,611	-	16,756	32,367
	<u>4,631,494</u>	<u>574,654</u>	<u>531,356</u>	<u>5,737,504</u>
EXPENDITURES				
Current operations:				
General Government.....	667,035	-	-	667,035
Cemetery.....	43,578	-	3,200	46,778
Culture and recreation.....	416,344	-	641	416,985
Public safety.....	2,289,497	-	85,652	2,375,149
Public works/transportation.....	474,723	-	395,904	870,627
Economic development.....	-	31,276	-	31,276
Capital outlay.....	-	-	215,062	215,062
Debt service:				
Principal.....	56,410	-	125,000	181,410
Interest.....	7,247	-	1,875	9,122
	<u>3,954,834</u>	<u>31,276</u>	<u>827,334</u>	<u>4,813,444</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES).....				
	<u>676,660</u>	<u>543,378</u>	(<u>295,978</u>)	<u>924,060</u>
OTHER FINANCING SOURCES (USES)				
Transfers in.....	-	-	94,359	94,359
Transfers out.....	-	(94,359)	-	(94,359)
Loan proceeds.....	-	-	152,500	152,500
	<u>-</u>	(<u>94,359</u>)	<u>246,859</u>	<u>152,500</u>
NET CHANGE IN FUND BALANCE.....				
	<u>676,660</u>	<u>449,019</u>	(<u>49,119</u>)	<u>1,076,560</u>
FUND BALANCE – MAY 1, 2015.....	1,143,566	4,040	1,274,412	2,422,018
FUND BALANCE – APRIL 30, 2016.....	<u>\$1,820,226</u>	<u>\$ 453,059</u>	<u>\$1,225,293</u>	<u>\$3,498,578</u>

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, 2016

Net change in fund balances – governmental funds \$ 1,076,560

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.....	449,185
Depreciation	(592,772)

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

Capital asset donations – Developers	289,479
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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.....	(108,577)
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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	25,819
Net Pension Liability/Deferred Outflows.....	(259,867)

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 effective 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.....	35,000
Repayment of T.I.F. G.O. bond payable	125,000
Repayment of capital lease payable.....	74,577
Repayment of notes payable.....	21,410
Capital lease proceeds.....	(152,500)
Accrued interest payable.....	<u>1,208</u>

Change in net position of governmental activities	<u>\$ 984,522</u>
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The accompanying notes are an integral part of these financial statements.

Village of Chatham, Illinois
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2016

<u>Assets</u>	<u>Electric</u>	<u>Waterworks and Sewerage</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents.....	\$ 1,503,849	\$ 268,180	\$ 1,772,029
Restricted cash.....	228,142	59,330	287,472
Accounts receivable.....	810,976	492,079	1,303,055
Due from other funds.....	358,828	-	358,828
Inventory.....	<u>369,907</u>	<u>113,603</u>	<u>483,510</u>
Total current assets.....	<u>3,271,702</u>	<u>933,192</u>	<u>4,204,894</u>
CAPITAL ASSETS			
Capital assets, not being depreciated.....	279,734	39,000	318,734
Property and equipment.....	18,857,490	18,353,562	37,211,052
Less: accumulated depreciation.....	(8,080,711)	(10,255,082)	(18,335,793)
Capital assets, net.....	<u>11,056,513</u>	<u>8,137,480</u>	<u>19,193,993</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions.....	<u>453,759</u>	<u>302,279</u>	<u>756,038</u>
TOTAL ASSETS	<u>14,781,974</u>	<u>9,372,951</u>	<u>24,154,925</u>
<u>Liabilities and Net Position</u>			
CURRENT LIABILITIES			
Accounts payable.....	63,165	308,834	371,999
Accrued payroll.....	14,962	6,781	21,743
Accrued compensated absences payable.....	154,424	58,183	212,607
Due to other funds.....	-	358,828	358,828
Unearned income.....	90,068	45,169	135,237
Customer deposits.....	123,200	58,850	182,050
Accrued interest payable.....	56,251	1,797	58,048
Other payables.....	3,249	1,472	4,721
Current maturities of long term debt:			
G.O. Bonds (Alternate Revenue Source) payable.....	235,000	-	235,000
Debt certificates.....	-	-	-
Loan payable.....	-	140,073	140,073
Capital lease payable.....	<u>22,018</u>	<u>22,867</u>	<u>44,885</u>
Total current liabilities.....	<u>762,337</u>	<u>1,002,854</u>	<u>1,765,191</u>
LONG-TERM LIABILITIES			
Net OPEB obligation.....	129,922	88,363	218,285
Net Pension Liability.....	1,204,913	802,673	2,007,586
G.O. Bonds (Alternate Revenue Source) payable.....	3,105,000	-	3,105,000
Loans payable.....	-	737,083	737,083
Capital lease payable.....	<u>51,138</u>	<u>1,584</u>	<u>52,722</u>
Total long-term liabilities.....	<u>4,490,973</u>	<u>1,629,703</u>	<u>6,120,676</u>
TOTAL LIABILITIES	<u>5,253,310</u>	<u>2,632,557</u>	<u>7,885,867</u>
NET POSITION			
Net investment in capital assets.....	7,643,356	7,235,873	14,879,229
Restricted for debt service.....	228,142	59,330	287,472
Unrestricted.....	<u>1,657,166</u>	(554,809)	<u>1,102,357</u>
TOTAL NET POSITION	<u>\$ 9,528,664</u>	<u>\$ 6,740,394</u>	<u>\$16,269,058</u>

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

Village of Chatham, Illinois
**STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 PROPRIETARY FUNDS**
 For the Year Ended April 30, 2016

	<u>Electric</u>	<u>Waterworks and Sewerage</u>	<u>Total</u>
OPERATING REVENUES			
User charges.....	\$ 9,617,176	\$ 5,462,581	\$15,079,757
Other income.....	<u>153,134</u>	<u>122,071</u>	<u>275,205</u>
Total operating revenues.....	<u>9,770,310</u>	<u>5,584,652</u>	<u>15,354,962</u>
OPERATING EXPENSES			
Electricity purchases.....	6,326,726	-	6,326,726
Water purchases/sewer expenses.....	-	3,626,236	3,626,236
Distribution and customer service.....	2,225,723	1,137,984	3,363,707
Depreciation.....	<u>513,195</u>	<u>528,030</u>	<u>1,041,225</u>
Total operating expenses.....	<u>9,065,644</u>	<u>5,292,250</u>	<u>14,357,894</u>
OPERATING INCOME (LOSS)	<u>704,666</u>	<u>292,402</u>	<u>997,068</u>
NONOPERATING REVENUE (EXPENSES)			
Contribution by developers.....	-	128,300	128,300
Grant revenue.....	34,482	-	34,482
Investment income.....	3,646	315	3,961
Interest (expense).....	(<u>116,024</u>)	(<u>14,091</u>)	(<u>130,115</u>)
Total nonoperating revenues (expenses).....	(<u>77,896</u>)	<u>114,524</u>	<u>36,628</u>
CHANGE IN NET POSITION	<u>626,770</u>	<u>406,926</u>	<u>1,033,696</u>
NET POSITION – MAY 1, 2015, as Previously Reported	9,627,983	6,817,165	16,445,148
Change in Method of Accounting for Pensions	(<u>726,089</u>)	(<u>483,697</u>)	(<u>1,209,786</u>)
NET POSITION – MAY 1, 2015, as Restated	<u>8,901,894</u>	<u>6,333,468</u>	<u>15,235,362</u>
NET POSITION – APRIL 30, 2016	<u>\$ 9,528,664</u>	<u>\$ 6,740,394</u>	<u>\$16,269,058</u>

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

Village of Chatham, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2016

	<u>Electric</u>	<u>Waterworks and Sewerage</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers.....	\$ 9,701,850	\$ 5,528,940	\$15,230,790
Payments to suppliers.....	(7,112,778)	(4,071,504)	(11,184,282)
Payments to employees.....	(1,315,229)	(819,529)	(2,134,758)
Net cash provided by (used for) operating activities	<u>1,273,843</u>	<u>637,907</u>	<u>1,911,750</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grant proceeds	34,482	-	34,482
Purchases of capital assets.....	(317,596)	(239,594)	(557,190)
Principal paid on capital debt.....	(297,821)	(160,565)	(458,386)
Interest paid on capital debt.....	(120,392)	(14,303)	(134,695)
Net cash provided by (used for) capital and related financing activities ...	(<u>701,327</u>)	(<u>414,462</u>)	(<u>1,115,789</u>)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>3,646</u>	<u>315</u>	<u>3,961</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	576,162	223,760	799,922
CASH AND CASH EQUIVALENTS, BEGINNING.....	<u>1,155,829</u>	<u>103,750</u>	<u>1,259,579</u>
CASH AND CASH EQUIVALENTS, ENDING.....	\$ <u>1,731,991</u>	\$ <u>327,510</u>	\$ <u>2,059,501</u>
CASH AND CASH EQUIVALENTS CONSISTS OF THE FOLLOWING:			
Cash and cash equivalents.....	\$ 1,503,849	\$ 268,180	\$ 1,772,029
Restricted accounts – cash.....	\$ 228,142	\$ 59,330	\$ 287,472
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 704,666	\$ 292,402	\$ 997,068
Adjustment to reconcile income (loss) to net cash provided by (used for) operating activities:			
Depreciation.....	513,195	528,030	1,041,225
(Increase) decrease in assets:			
Accounts receivable.....	(68,460)	(55,712)	(124,172)
Deferred outflows related to pensions.....	(453,759)	(302,279)	(756,038)
Inventories.....	56,420	(64,771)	(8,351)
(Decrease) increase in liabilities:			
Accounts payable.....	10,947	(69,124)	(58,177)
Unearned revenue.....	15,103	(1,284)	13,819
Accrued payroll.....	(26,870)	(22,805)	(49,675)
Uncompensated absences.....	17,707	4,063	21,770
Net OPEB obligation.....	25,773	12,577	38,350
Net Pension Liability.....	478,824	318,977	797,801
Deposits payable.....	5,800	2,550	8,350
Other payables.....	(<u>5,503</u>)	(<u>4,717</u>)	(<u>10,220</u>)
Net cash from operating activities.....	<u>\$ 1,273,843</u>	<u>\$ 637,907</u>	<u>\$ 1,911,750</u>

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

Village of Chatham, Illinois
STATEMENT OF FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND
April 30, 2016

ASSETS	
Cash	\$ <u>565,149</u>
Accrued interest receivable	<u>15,127</u>
Investments	
Mutual funds	2,649,148
Non-negotiable certificates of deposit	372,404
Negotiable certificates of deposit	514,514
Municipal and corporate bonds	903,818
Government Mortgage Pool	202,072
Agency Securities	503,248
U.S. Treasuries	106,124
CMO & Asset Backed Securities	<u>41,966</u>
Total Investments	<u>5,293,294</u>
TOTAL ASSETS	<u>5,873,570</u>
LIABILITIES	
Accounts payable	<u>1,324</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$5,872,246</u>

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

Village of Chatham, Illinois
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND
For the Year Ended April 30, 2016

ADDITIONS

Contributions	
Employer (property taxes).....	\$ 326,622
Employee.....	<u>108,237</u>
Total contributions.....	<u>434,859</u>
Investment income	
Net appreciation (depreciation) in fair value of investments.....	(250,770)
Interest.....	<u>209,195</u>
Total investment income.....	(<u>41,575</u>)
Total Additions.....	<u>393,284</u>

DEDUCTIONS

Benefits and refunds	
Retiree benefits.....	290,496
Administration.....	<u>24,337</u>
Total Deductions.....	<u>314,833</u>

NET INCREASE..... 78,451

NET POSITION HELD IN TRUST FOR PENSION BENEFITS

MAY 1, 2015.....	<u>5,793,795</u>
APRIL 30, 2016	<u>\$5,872,246</u>

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

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Chatham, Illinois (the "Village") 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.

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 who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

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 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 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.

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.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

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

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.

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

NOTE 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. – Adoption of new GASB pronouncements

During the fiscal year ended April 30, 2016, the Village implemented the following GASB Pronouncements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the Village are detailed below.

Net pension liability—Previous standards defined pension liabilities in terms of the Annually Required Contribution. Statement No. 68 defines the net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan’s fiduciary net position.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Deferred inflows of resources and deferred outflows of resources—Statement No. 68 includes recognition of deferred inflows and outflows of resources associated with the difference between expected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period. In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. This statement requires that contributions made by participating employers to pension plans after the Measurement Date for the Net Pension Liability but before the end of the financial statement period for the employer be reported as deferred outflows of resources.

Statement No. 68 is effective for financial statement periods beginning after June 15, 2014, with the effects of accounting change to be applied retroactively by restating the financial statements. The Village adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the government-wide financial statements as of April 30, 2015:

	<u>As Originally Reported</u>	<u>As Restated</u>	<u>Effect of Change</u>
Statement of Net Position			
Noncurrent liabilities:			
Net Pension obligation	\$ 863,476	\$ -	(\$ 863,476)
Net Pension Liability	-	6,415,026	6,415,026
Net position	\$ 863,476	\$6,415,026	\$5,551,550

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.

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. Additional, 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.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

H. – Concentration of Suppliers

The Village of Chatham, Illinois has an agreement with the Illinois Municipal Electric Agency to purchase electric power through transmission lines owned by the City of Springfield, Illinois. The agreement to purchase electric power expires September 30, 2035.

The Village of Chatham has an agreement with the South Sangamon Water Commission, whereby the South Sangamon 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, 2016. 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.

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.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

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.

NOTE 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, 2014.
- The annual tax levy ordinance for 2014 taxes received during fiscal year 2016 was passed December 2014.
- 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 2014 were distributed to the Village in July and September of 2015.

The 2015 taxes are intended to finance the 2016 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable revenue. The 2016 tax levy has not been recorded as a receivable at April 30, 2016. Although the tax attached as a lien on property as of January 1, 2016, the tax will not be levied until December 2016, and, accordingly, is not measurable at April 30, 2016.

NOTE 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.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – DEPOSITS AND INVESTMENTS, (CONTINUED)

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

A. – DEPOSITS WITH FINANCIAL INSTITUTIONS

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

B. – INVESTMENTS

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 the financial institution in which the deposits in excess of \$100,000 are secured by collateral.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 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.

The Pension Board revised the investment policy in 2015 and authorized additional investments including mutual funds that are managed by an investment company as defined and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953 and corporate bonds managed through an Investment Advisor pursuant to 40 ILCS 5/1-13.2(14).

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

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.

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.

Custodial credit risk for investments in 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.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – DEPOSITS AND INVESTMENTS, (CONTINUED)

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, mutual funds, corporate and municipal bonds, and U.S. treasury and federal agency securities.

NOTE 4 – CAPITAL ASSETS

A. GOVERNMENTAL ACTIVITIES

Capital asset activity for the year ending April 30, 2016 consists of the following:

	Balances May 1, 2015	Additions	Retirements	Balances April 30, 2016
Land, not depreciated	\$ 372,000	\$ -	\$ -	\$ 372,000
Construction in progress, not depreciated	<u>2,063,081</u>	<u>88,989</u>	<u>2,016,726</u>	<u>135,344</u>
Total capital assets, not depreciated	<u>2,435,081</u>	<u>88,989</u>	<u>2,016,726</u>	<u>507,344</u>
Improvements	767,861	-	-	767,861
Buildings and grounds	627,423	323,505	-	950,928
Vehicles	797,224	212,488	38,336	971,376
Equipment	900,035	16,626	48,500	868,161
Infrastructure	<u>15,021,248</u>	<u>2,113,781</u>	<u>-</u>	<u>17,135,029</u>
Total capital assets being depreciated	<u>18,113,791</u>	<u>2,666,400</u>	<u>86,836</u>	<u>20,693,355</u>
Total capital assets	<u>20,548,872</u>	<u>2,755,389</u>	<u>2,103,562</u>	<u>21,200,699</u>
Less accumulated depreciation for:				
Improvements	162,181	19,196	-	181,377
Buildings and grounds	343,318	20,702	-	364,020
Vehicles	671,913	91,574	38,336	725,151
Equipment	706,423	67,763	48,500	725,686
Infrastructure	<u>3,017,622</u>	<u>393,537</u>	<u>-</u>	<u>3,411,159</u>
Total accumulated depreciation	<u>4,901,457</u>	<u>592,772</u>	<u>86,836</u>	<u>5,407,393</u>
Total capital assets being depreciated, net	<u>13,212,334</u>	<u>2,073,628</u>	<u>-</u>	<u>15,285,962</u>
Total capital assets, net of accumulated depreciation	<u>\$15,647,415</u>	<u>\$ 2,162,617</u>	<u>\$ 2,016,726</u>	<u>\$15,793,306</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS, (CONTINUED)

B. BUSINESS-TYPE ACTIVITIES

Capital asset activity for the year ending April 30, 2016 consists of the following:

<u>ELECTRIC</u>	<u>Balances</u> <u>May 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2016</u>
Land, not depreciated	\$ 279,734	\$ -	\$ -	\$ 279,734
Total capital assets, not 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	840,930	-	-	840,930
Equipment	625,006	-	-	625,006
Utility Plant	<u>16,310,150</u>	<u>317,596</u>	<u>-</u>	<u>16,627,746</u>
Total capital assets being depreciated	<u>18,539,894</u>	<u>317,596</u>	<u>-</u>	<u>18,857,490</u>
Total capital assets	<u>18,819,628</u>	<u>317,596</u>	<u>-</u>	<u>19,137,224</u>
Less accumulated depreciation for:				
Improvements	30,998	1,354	-	32,352
Buildings and grounds	369,232	13,393	-	382,625
Vehicles	736,461	31,963	-	768,424
Equipment	571,084	18,470	-	589,554
Utility Plant	<u>5,859,741</u>	<u>448,015</u>	<u>-</u>	<u>6,307,756</u>
Total accumulated depreciation	<u>7,567,516</u>	<u>513,195</u>	<u>-</u>	<u>8,080,711</u>
Total capital assets being depreciated, net	<u>10,972,378</u>	(<u>195,599</u>)	<u>-</u>	<u>10,776,779</u>
Total capital assets, net of accumulated depreciation	<u>\$11,252,112</u>	(<u>\$ 195,599</u>)	<u>\$ -</u>	<u>\$11,056,513</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS, (CONTINUED)

B. BUSINESS-TYPE ACTIVITIES – Continued

<u>WATERWORKS & SEWERAGE</u>	<u>Balances</u> <u>May 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2016</u>
Land, not depreciated	\$ 39,000	\$ -	\$ -	\$ 39,000
Construction in progress, not depreciated	<u>248,226</u>	<u>-</u>	<u>248,226</u>	<u>-</u>
Total capital assets, not depreciated	<u>287,226</u>	<u>-</u>	<u>248,226</u>	<u>39,000</u>
Improvements	3,210	-	-	3,210
Buildings and grounds	106,069	231,392	-	337,461
Vehicles	393,991	-	-	393,991
Equipment	470,125	5,450	-	475,575
Utility Plant	<u>16,764,048</u>	<u>379,277</u>	<u>-</u>	<u>17,143,325</u>
Total capital assets being depreciated	<u>17,737,443</u>	<u>616,119</u>	<u>-</u>	<u>18,353,562</u>
Total capital assets	<u>18,024,669</u>	<u>616,119</u>	<u>248,226</u>	<u>18,392,562</u>
Less accumulated depreciation for:				
Improvements	615	160	-	775
Buildings and grounds	43,594	4,628	-	48,222
Vehicles	367,666	7,180	-	374,846
Equipment	367,259	31,189	-	398,448
Utility Plant	<u>8,947,918</u>	<u>484,873</u>	<u>-</u>	<u>9,432,791</u>
Total accumulated depreciation	<u>9,727,052</u>	<u>528,030</u>	<u>-</u>	<u>10,255,082</u>
Total capital assets being depreciated, net	<u>8,010,391</u>	<u>88,089</u>	<u>-</u>	<u>8,098,480</u>
Total capital assets, net of accumulated depreciation	<u>\$ 8,297,617</u>	<u>\$ 88,089</u>	<u>\$ 248,226</u>	<u>\$ 8,137,480</u>

Village of Chatham, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 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	\$ 9,825
Culture and recreation	52,860
Public safety	37,970
Public works/transportation	<u>492,117</u>
Total depreciation expense – governmental activities	<u>\$ 592,772</u>
Business-type activities:	
Electric	\$ 513,195
Waterworks and Sewerage	<u>528,030</u>
Total depreciation expense – business-type activities	<u>\$1,041,225</u>

NOTE 5 – RESTRICTED ASSETS

The Village reports restricted cash in the Electric Fund due to the issuance of the 2014 General Obligation Bonds (Alternative Revenue Source), restricted cash in the General Fund due to the issuance of the 2001 General Obligation Bonds and other restrictions relating to law enforcement, and restricted cash in the Waterworks and Sewerage Fund due to the issuance of the Water Promissory Note, Series 2014.

ELECTRIC FUND

The Electric General Obligation Bonds (Alternate Revenue Source), Series 2014 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, 2016.

Electric Fund:	
Cash:	
Electric GOB Bond and Interest	<u>\$228,142</u>

As of April 30, 2016, 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 2014 general obligation bonds (Alternate Revenue Source).

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

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RESTRICTED ASSETS, (CONTINUED)

ELECTRIC FUND - Continued

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.)

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, 2016, 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	\$ 17,227
Crime Prevention	2,623
Drug Asset Forfeiture	3,835
DUI Equipment	29,649
Police Vehicle Fees	15,091
Run for the Park	3,206
Police Article 36	<u>3,216</u>
Total	<u>\$ 74,847</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RESTRICTED ASSETS, (CONTINUED)

WATERWORKS AND SEWERAGE FUND

The Water Promissory Note, Series 2014 require the funding by the utility 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 account was so segregated at April 30, 2016.

Waterworks and Sewerage Fund

	<u>Debt Service</u>
Cash:	
Water Note Fund	\$ <u>59,330</u>

As of April 30, 2016, all accounts were funded as required by the Promissory Note. The funding requirements of these accounts are established by the promissory note ordinance and all outlined as follows:

Water Note Fund, established to fund for the payment of the principal of and interest on the Note. Interest income or investment profit earned in the Note fund shall be retained in the Note Fund for payment of the principal of or interest on the Note on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Village, transferred to such other fund as may be determined.

NOTE 6 – LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

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 \$33,000 to \$36,000; interest rate of 5.00%	\$ <u>36,000</u>
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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>
2017	\$ <u>36,000</u>	\$ <u>1,800</u>	\$ <u>37,800</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT, (CONTINUED)

GOVERNMENTAL ACTIVITIES - Continued

Street Shop Building Note:

On October 15, 2014, the Village entered into an agreement with a financial institution to finance costs associated with the construction of a shop building for the street and water departments. The Village borrowed \$460,000 at an interest rate of 1.74% to be paid in monthly installments of \$4,185 beginning November 15, 2014, with a final payment due October 15, 2024. The assets and related obligation have been allocated half to the Street Fund and half to the Waterworks and Sewerage Fund. The principal balance for the governmental activities as of April 30, 2016 is \$198,031 and the principal balance for the business-type activities as of April 30, 2016 is \$198,031 for a combined total of \$396,062. 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>
2017	\$ 21,836	\$ 3,272	\$ 25,108
2018	22,218	2,889	25,107
2019	22,607	2,500	25,107
2020	23,003	2,104	25,107
2021	23,405	1,701	25,106
2022-2025	<u>84,962</u>	<u>2,910</u>	<u>87,872</u>
Total	<u>\$198,031</u>	<u>\$ 15,376</u>	<u>\$213,407</u>

Capital Leases

The Village is obligated under an equipment lease accounted for as a capital lease. The leased asset (truck and snowplow attachment) and related asset obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$30,037 at April 30, 2016. 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, 2016:

<u>Year Ending April 30,</u>	
2017	\$ <u>13,674</u>
Future minimum lease payments	\$ 13,674
Less: Amount representing interest	(<u>1,796</u>)
Present value of minimum lease payments	\$ <u>11,878</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 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 (street sweeper) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$55,297 at April 30, 2016. 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, 2016:

<u>Year Ending April 30,</u>	
2017	\$ 12,872
2018	12,872
2019	<u>4,275</u>
Future minimum lease payments	30,019
Less: Amount representing interest	(<u>711</u>)
Present value of minimum lease payments	\$ <u>29,308</u>

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased asset (police vehicle) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$10,670 at April 30, 2016. 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, 2016:

<u>Year Ending April 30,</u>	
2017	\$ <u>1,484</u>
Future minimum lease payments	\$ 1,484
Less: Amount representing interest	(<u>8</u>)
Present value of minimum lease payments	\$ <u>1,476</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 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 (street truck) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$98,658 at April 30, 2016. 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, 2016:

Year Ending April 30,

2017	\$ 18,691
2018	18,691
2019	18,691
2020	18,691
2021	<u>4,653</u>
Future minimum lease payments	79,417
Less: Amount representing interest	(<u>2,511</u>)
Present value of minimum lease payments	<u>\$ 76,906</u>

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased assets (2 police vehicles) and related obligation are accounted for as governmental activities. The assets under the capital lease net of depreciation totaled \$53,964 at April 30, 2016. 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, 2016:

Year Ending April 30,

2017	\$ 21,319
2018	21,320
2019	<u>7,105</u>
Future minimum lease payments	49,744
Less: Amount representing interest	(<u>904</u>)
Present value of minimum lease payments	<u>\$ 48,840</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT, (CONTINUED)

GOVERNMENTAL ACTIVITIES - Continued

Capital Leases - 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, 2016.

	<u>Balances</u> <u>May 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2016</u>
G.O. bonds	\$ 71,000	\$ -	(\$ 35,000)	\$ 36,000
TIF G.O. bonds	125,000	-	(125,000)	-
Notes payable	219,442	-	(21,411)	198,031
Capital lease	90,486	152,500	(74,578)	168,408
Net OPEB obligation	505,841	108,577	-	614,418
Compensated absences	331,378	-	(25,819)	305,559
Net pension liability	<u>5,205,240</u>	<u>1,076,242</u>	<u>-</u>	<u>6,281,482</u>
	<u>\$6,548,387</u>	<u>\$1,337,319</u>	<u>(\$ 281,808)</u>	<u>\$7,603,898</u>

Following are governmental activities obligations due within one year:

G.O. bonds	\$ 36,000
Capital lease	68,011
Note payable	21,836
Compensated absences	<u>305,559</u>
 Total	 <u>\$ 431,406</u>

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

2001 Debt Service (General Fund)	<u>\$ 17,227</u>
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Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT, (CONTINUED)

BUSINESS-TYPE ACTIVITIES

General Obligation Bonds (Alternate Revenue Source)

\$3,805,000 Electric General Obligation Refunding Bond
 (Alternate Revenue Source), Series 2014, for the purpose
 of refunding certain outstanding prior bonds of the Village,
 payable through November 1, 2028 in
 various amounts ranging from \$105,000 to \$336,000;
 interest rates ranging from 2.96% to 3.78% \$3,340,000

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

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 235,000	\$ 112,501	\$ 347,501
2018	247,000	105,287	352,287
2019	260,000	97,555	357,555
2020	263,000	89,392	352,392
2021	273,000	81,080	354,080
2022-2026	1,515,000	261,078	1,776,078
2027-2029	<u>547,000</u>	<u>31,815</u>	<u>578,815</u>
Total	<u>\$3,340,000</u>	<u>\$ 778,708</u>	<u>\$4,118,708</u>

Street Shop Building Note:

On October 15, 2014, the Village entered into an agreement with a financial institution to finance costs associated with the construction of a shop building for the street and water departments. The Village borrowed \$460,000 at an interest rate of 1.74% to be paid in monthly installments of \$4,185 beginning November 15, 2014, with a final payment due October 15, 2024. The assets and related obligation has been allocated half to the Street Fund and half to the Waterworks and Sewerage Fund. The principal balance for the governmental activities as of April 30, 2016 is \$198,031 and the principal balance for the business-type activities as of April 30, 2016 is \$198,031 for a combined total of \$396,062. Future principal and interest payments on the notes payable are as follows:

<u>Years Ending April 30,</u>	<u>Water/Sewer Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 21,835	\$ 3,272	\$ 25,107
2018	22,218	2,889	25,107
2019	22,607	2,500	25,107
2020	23,003	2,104	25,107
2021	23,405	1,701	25,106
2022-2025	<u>84,963</u>	<u>2,910</u>	<u>87,873</u>
Total	<u>\$ 198,031</u>	<u>\$ 15,376</u>	<u>\$ 213,407</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT, (CONTINUED)

BUSINESS-TYPE ACTIVITIES - Continued

Ground Storage Loan:

On May 23, 2013, the Village entered into an agreement with a financial institution to finance costs associated with improvements to the above ground storage tank. The Village borrowed \$243,100 at an interest rate of 2.00 percent to be paid in monthly installments of \$4,264 beginning May 23, 2013, with a final payment due May 23, 2018. The assets and related obligation has been allocated to the Waterworks and Sewerage Fund. The principal balance for the business-type activities as April 30, 2016 was \$104,158. 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>
2017	\$ 49,453	\$ 1,656	\$ 51,109
2018	50,465	644	51,109
2019	<u>4,240</u>	<u>7</u>	<u>4,247</u>
Totals	<u>\$ 104,158</u>	<u>\$ 2,307</u>	<u>\$ 106,465</u>

Water Promissory Note, Series 2014:

On March 7, 2014, the Village entered into an agreement with a financial institution to finance the costs of a settlement agreement with the City of Springfield, Illinois. The Village borrowed \$710,000 at an interest rate of 1.25 percent to be paid in semi-annual interest payments payable on August 1 and February 1 of each year beginning August 1, 2014. Principal will be paid in installments on February of each of the years until maturity February 1, 2024. The interest rate remains fixed until January 31, 2019 and thereafter, the rate will change to a floating rate equal to the Prime Rate minus 2% not to exceed 2.25%. The principal balance for the business-type activities as of April 30, 2016 was \$574,967. The related obligation has been allocated to the Waterworks and Sewerage Fund. 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>
2017	\$ 68,785	\$ 7,188	\$ 75,973
2018	69,645	6,328	75,973
2019	70,516	5,456	75,972
2020	69,983	8,236	78,219
2021	71,558	6,660	78,218
2022-2024	<u>224,480</u>	<u>10,176</u>	<u>234,656</u>
Totals	<u>\$ 574,967</u>	<u>\$ 44,044</u>	<u>\$ 619,011</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT, (CONTINUED)

BUSINESS-TYPE ACTIVITIES - Continued

Capital Leases

The Village is obligated under an equipment lease accounted for as a capital lease. The leased asset (aerial truck) and related obligation are accounted for as business-type activities. The asset under the capital lease net of depreciation totaled \$72,506 at April 30, 2016. 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, 2016:

Year Ending April 30,

2017	\$ 23,173
2018	23,173
2019	23,173
2020	<u>5,694</u>
Future minimum lease payments	75,213
Less: Amount representing interest	(<u>2,057</u>)
Present value of minimum lease payments	<u>\$ 73,156</u>

Capital Leases - Continued

The Village is obligated under an equipment lease accounted for as a capital lease. The leased asset (backhoe) and related obligation are accounted for as business-type activities. The asset under the capital lease net of depreciation totaled \$42,073 at April 30, 2016. 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, 2016:

Year Ending April 30,

2017	\$ 23,119
2018	<u>1,648</u>
Future minimum lease payments	24,767
Less: Amount representing interest	(<u>316</u>)
Present value of minimum lease payments	<u>\$ 24,451</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT, (CONTINUED)

BUSINESS-TYPE ACTIVITIES - Continued

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, 2016.

	<u>Balances</u> <u>May 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2016</u>
G.O. bonds (Alternate Revenue Source)	\$3,571,000	\$ -	(\$ 231,000)	\$3,340,000
Debt certificates	45,000	-	(45,000)	-
Notes payable	1,015,101	-	(137,945)	877,156
Capital leases	142,048	-	(44,441)	97,607
Net OPEB obligation	179,934	38,351	-	218,285
Compensated absences	190,836	21,771	-	212,607
Net Pension Liability	<u>1,209,786</u>	<u>797,800</u>	<u>-</u>	<u>2,007,586</u>
	<u>\$6,353,705</u>	<u>\$ 857,922</u>	<u>(\$ 458,386)</u>	<u>\$6,753,241</u>

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

G.O. bonds (Alternate Revenue Source)	\$ 235,000
Capital leases	44,885
Notes payable	140,073
Compensated absences	<u>212,607</u>
 Total	 <u>\$ 632,565</u>

NOTE 7 – PLEDGED REVENUES

The Village has pledged all revenue from the Village's Electric operations to repay the \$3,805,000 Electric General Obligation Refunding Bonds (Alternate Revenue Source), Series 2014 which is payable through 2028. Principal and interest paid for the Series 2014 bonds was \$350,547. The total principal and interest remaining on the bond issue, Series 2014, is \$4,118,708 and total revenues for the current year were \$9,773,956.

Village of Chatham, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 – INTERFUND BALANCES

Interfund receivable and payable balances at April 30 2016 consist of:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Aggregate Nonmajor Governmental Funds	\$ -	\$ 616
Aggregate Nonmajor Governmental Funds:		
General Fund	616	-
Electric Fund:		
Waterworks and Sewerage Fund	358,828	-
Waterworks and Sewerage Fund:		
Electric Fund	_____ -	_____ 358,828
Total	\$ <u>359,444</u>	\$ <u>359,444</u>

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

- \$616 due from the General Fund to the Aggregate Nonmajor Governmental Funds. \$616 of the balance is due to insufficient utility tax receipts transferred to the Utility Tax Fund from the General Fund.
- \$358,828 was for payment of operating expenses by the Electric Fund for Waterworks and Sewerage Fund. The Village expects this obligation to be paid.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor Governmental Funds	\$ -	\$ -
TIF District Fund:		
Nonmajor Governmental Funds	-	94,359
Nonmajor Governmental Funds:		
TIF District Fund	_____ 94,359	_____ -
Total interfund transfers	\$ <u>94,359</u>	\$ <u>94,359</u>

The purposes of interfund transfers are as follows:

- \$94,359 transferred from the TIF District Fund to the nonmajor governmental funds. Of this amount \$29,467 relates to a transfer to the TIF Debt Service Fund for debt service payments and \$64,892 relates to transfers for Capital Projects. These transfers will not be repaid.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 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 (RSI). The report may be obtained on-line at www.imrf.org.

Benefits Provided. 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. 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.

Employees Covered by Benefit Terms. As of December 31, 2015, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	27
Inactive Plan Members entitled to but not yet receiving benefits	6
Active Plan Members	<u>40</u>
Total	<u>73</u>

Contributions. 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 Village’s annual required contribution rate for calendar year 2015 was 13.36 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.

Net Pension Liability. The Village’s net pension liability was measured as of December 31, 2015. The total pension liability was determined by an actuarial valuation as of that date.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RETIREMENT PLANS, (CONTINUED)

ILLINOIS MUNICIPAL RETIREMENT FUND - Continued

Actuarial Assumptions. Valuation Date: Actuarially determined contributions rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

The following are methods and assumptions used to determine total pension liability at December 31, 2015:

- Actuarial Cost Method – Aggregate Entry Age Normal
- Asset Valuation Method – Market Value of Assets
- Price Inflation – 2.75%
- Salary Increases – 3.75% to 14.50% including inflation
- Investment Rate of Return – 7.46%
- Retirement Age – Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
- Mortality – For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Morality Table with adjustments to match current IMRF experience.
- Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	5.25-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RETIREMENT PLANS, (CONTINUED)

ILLINOIS MUNICIPAL RETIREMENT FUND - Continued

Single Discount Rate. A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits.).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.56%; and the resulting single discount rate is 7.46%.

Changes in the Net Pension Liability.

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Position Liability <u>(a) – (b)</u>
Balances at December 31, 2014	<u>\$10,481,487</u>	<u>\$ 8,501,024</u>	<u>\$ 1,980,463</u>
Changes for the year:			
Service Cost	248,975	-	248,975
Interest on the Total Pension Liability	782,200	-	782,200
Difference between expected and actual experience of the Total Pension Liability	681,972	-	681,972
Changes in assumptions	33,697	-	33,697
Contributions – employer	-	425,528	(425,528)
Contributions – employee	-	114,457	(114,457)
Net investment income	-	43,111	(43,111)
Benefit payments, including refunds of employee contributions	(297,513)	(297,513)	-
Other (Net Transfers)	<u>-</u>	<u>(142,279)</u>	<u>142,279</u>
Net Changes	<u>1,449,331</u>	<u>143,304</u>	<u>1,306,027</u>
Balances at December 31, 2015	<u>\$11,930,818</u>	<u>\$ 8,644,328</u>	<u>\$ 3,286,490</u>

Sensitivity of Net Pension Liability/(Asset) to the Single Discount Rate Assumption.

	1% Decrease <u>(6.46%)</u>	Current Single Discount Rate Assumption <u>(7.46%)</u>	1% Increase <u>(8.46%)</u>
Net Pension Liability/(Asset)	\$ 5,128,773	\$ 3,286,490	\$ 1,787,276

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RETIREMENT PLANS, (CONTINUED)

ILLINOIS MUNICIPAL RETIREMENT FUND - Continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Deferred Amount Related to Pensions</u>		
Deferred Amounts to be Recognized in Pension Expense in the Future Periods		
Difference between expected and actual experience	\$ 579,268	\$ -
Net difference between projected and actual earnings on pension plan investments	478,578	-
Changes in assumptions	<u>28,622</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$1,086,468</u>	<u>\$ -</u>

Deferred Outflows and Deferred Inflows of Resources by Year to be recognized in Future Pension Expenses

<u>Year Ending December 31</u>	<u>Net Deferred Outflows Of Resources</u>
2016	\$ 227,424
2017	227,424
2018	227,424
2019	227,422
2020	107,779
Thereafter	<u>68,995</u>
Total	<u>\$1,086,468</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RETIREMENT PLANS, (CONTINUED)

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 issued 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.

Benefits Provided. 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 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 preceding calendar year.

Contributions. 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, 2016, the Village's contribution was 27.5 percent of covered payroll.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RETIREMENT PLANS, (CONTINUED)

POLICE PENSION FUND - Continued

Net Pension Liability. The Village’s net pension liability was measured as of April 30, 2016, and the total pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the April 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Economic Rates:

Inflation	2.5%
Salary Increases	4.00% - 21.25%
Projected Increase in Total Payroll	3.25%
Discount Rate used for Total Pension Liability	6.25%
Long-Term Expected Rate of Return on Plan Assets	6.25%

Mortality rates were used based on the L&A 2016 Illinois Police Mortality Rates and the Retirement Rates were based on L&A 2016 Illinois Police Retirement Rates Capped at Age 65.

All rates shown in the economic assumptions are assumed to be annual rates, compounded on an annual basis.

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each major asset classes in the investment policy. The expected rates of return on assets shown here is from the State of Illinois Department of Insurance Actuarial Experience Study dated September 26, 2012. Long-term real rates of return are shown as the expected rate of return, net the assumed inflation rate.

The rates provided in the table below are based on the arithmetic average. The Investment Policy Statement will provide more detail regarding the Fund’s policies on asset allocation targets and acceptable ranges.

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Long-Term Inflation Expectations</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equity	8.30%	2.50%	5.80%
US Mid Cap Equity	9.30%	2.50%	6.80%
US Small Cap Equity	9.30%	2.50%	6.80%
Non-US Developed Large Cap Equity	8.40%	2.50%	5.90%
Emerging Markets Equity Unhedged	10.50%	2.50%	8.00%
US Corporate Bonds	4.20%	2.50%	1.70%
US Government Fixed Income	3.20%	2.50%	0.70%
US Cash	3.00%	2.50%	0.50%
Global Real Estate - REITS	8.30%	2.50%	5.80%
Commodities - Long Only	4.90%	2.50%	2.40%

Long-term expected real returns under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid. The rates provided above are intended to estimate those figures.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RETIREMENT PLANS, (CONTINUED)

POLICE PENSION FUND - Continued

The expected inflation rate is 2.50% and is included in the total long-term rate of return on investments. The inflation rate is from the same source as the long-term real rates of return, and is not necessarily reflective of the inflation measures used for other purposes in the report.

Geometric rates of return are equal to arithmetic rates of return when the annual returns exhibit no volatility over time. When arithmetic returns are volatile on a year-to-year basis, the actual realized geometric returns over time will be lower. The higher the volatility, the greater the difference.

Discount Rates. The discount rates used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. Cash flow projections were used to determine the extent which the plan's future net pension will be able to cover benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investment is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net position liability associated with those payments.

Changes in Net Pension Liability. The table below illustrates the change in the Net Position Liability (NPL) from the prior Measurement Date to the current Measurement Date. Under Statement 68, the difference between the NPL from the prior measurement date to the current measurement date should be recognized as an expense, unless permitted to be recognized as a deferred outflow or inflow of resources.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(a) – (b)
Balances Beginning at 05/01/15	<u>\$10,228,358</u>	<u>\$ 5,793,795</u>	<u>\$ 4,434,563</u>
Changes for the year:			
Service Cost	306,768	-	306,768
Interest	630,194	-	630,194
Actuarial Experience	-	-	-
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	326,628	(326,628)
Contributions - Employee	-	108,237	(108,237)
Contributions - Other	-	-	-
Net Investment Income	-	(52,244)	52,244
Benefit payments, including refunds	(290,496)	(290,496)	-
Administrative Expense	<u>-</u>	<u>(13,673)</u>	<u>13,673</u>
Net Changes	<u>646,466</u>	<u>78,452</u>	<u>568,014</u>
Balances Beginning at 04/30/16	<u>\$10,874,824</u>	<u>\$ 5,872,246</u>	<u>\$ 5,002,578</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RETIREMENT PLANS, (CONTINUED)

POLICE PENSION FUND - Continued

Sensitivity of the Discount Rate. The Net Pension Liability has been determined using the discount rate listed in the assumption section. Below is a table illustrating the sensitivity of the Net Pension Liability to the discount rate assumption.

	1% Decrease <u>(5.25%)</u>	Current Discount Rate <u>(6.25%)</u>	1% Increase <u>(7.25%)</u>
Employer Net Pension Liability	\$6,958,616	\$5,002,578	\$3,447,432

The sensitivity of the Net Pension Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the net position to the total pension liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended April 30, 2016, the Village recognized pension expense of \$559,890. At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

The table below shows the cumulative amounts to be shown as deferred outflows and inflows of resources. Changes in total pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the pension fund. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	334,752	-
Contributions Subsequent to the Measurement Date *	<u>-</u>	<u>-</u>
Total	<u>\$ 334,752</u>	<u>\$ -</u>

* Contributions subsequent to the measurement date may be recognized as a reduction to the NPL. The amount is not known as of the date of this report. Subsequent to the measurement date, the following amounts will be recognized in pension expense in the upcoming years:

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RETIREMENT PLANS, (CONTINUED)

POLICE PENSION FUND - Continued

Subsequent to the measurement date, the following amounts will be recognized in pension expense in the upcoming years:

Year Ended April 30,:

2017	\$ 83,688
2018	83,688
2019	83,688
2020	<u>83,688</u>
Thereafter	<u>\$334,752</u>

NOTE 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, and 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 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.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS, (CONTINUED)

MEMBERSHIP

At May 1, 2015 (latest information available), membership consisted of:

Retirees and beneficiaries currently receiving benefits	6
Terminated employees entitled to benefits but not yet receiving them	0
Active plan members	<u>51</u>
 TOTAL	 <u>57</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, 2016, the Village contributed \$224,768.

ANNUAL OPEB COSTS AND NET OPEB OBLIGATION

The Village had an actuarial valuation performed for the plan as of May 1, 2015 to determine the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2016. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2014, 2015, and 2016 was as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
April 30, 2014	\$175,588	\$ 17,099	9.73%	\$535,093
April 30, 2015	\$359,617	\$208,936	58.09%	\$685,775
April 30, 2016	\$371,697	\$224,768	60.47%	\$832,703

The net OPEB obligation (NOPEBO) at April 30, 2016 was calculated as follows:

Annual required contribution	\$383,924
Interest on net OPEB obligation	27,431
Adjustment to annual required contribution	(<u>39,658</u>)
 Annual OPEB Cost	 371,697
Contributions made	(<u>224,768</u>)
 Increase (decrease) in net OPEB obligation	 146,928
Net OPEB obligation beginning of year	<u>685,774</u>
 NET OPEB OBLIGATION END OF YEAR	 <u>\$832,703</u>

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS, (CONTINUED)

Funded Status and Funding Progress. The funded status of the plan as of May 1, 2014 (latest information available), was as follows:

Actuarial accrued liability (AAL)	\$3,357,485
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$3,357,485
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	Not Available
UAAL as a percentage of covered payroll	Not Available

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, 2015 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 7.58% with an ultimate healthcare inflation rate of 5.00%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Village has not advanced its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2016, was 30 years.

NOTE 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 Counties Risk Management Trust (ICRMT), a public entity risk pool with transfers of risk. The Village pays an annual premium to ICRMT 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. In addition, the Village has workers compensation coverage through Illinois Public Risk Fund.

Village of Chatham, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – JOINT VENTURE

During fiscal year 2009, the Village, along with 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 of 2012.

The Commission’s fiscal year end in 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, 2016, follows:

Statement of Net Position Information:

Assets:	
Current assets	\$ 525,315
Restricted assets	2,342,433
Property and equipment, net	30,355,527
Deferred outflows of resources	<u>3,655</u>
Total assets	<u>\$33,226,930</u>
Liabilities and Net Position:	
Current liabilities	\$ 1,120,013
Noncurrent liabilities	32,309,748
Deferred inflows of resources	67,351
Net position	(<u>270,182</u>)
Total liabilities and net position	<u>\$33,226,930</u>

Statement of Revenues, Expenses, and Changes in Net Position:

Operating revenue	\$ 2,714,157
Operating expenses	<u>2,067,987</u>
Operating net income	646,170
Nonoperating revenue	4,081
Nonoperating expense	(1,707,211)
Capital contributions	<u>473,285</u>
Change in net position	(583,675)
Net position, beginning	<u>313,493</u>
Net position, ending	<u>(\$ 270,182)</u>

NOTE 13 – CONTINGENCIES

The Village is also subject to pending 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 plaintiffs have not taken action on this case since October 2, 2012. The Village intends to move to dismiss the case. The outcome is unknown at April 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Chatham, Illinois
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
 ILLINOIS MUNICIPAL RETIREMENT FUND
 Required Supplemental Information
 April 30, 2016

	Last 10 Calendar Years (schedule to be built prospectively from 2014)									
Calendar year ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	\$ 248,975	\$ 275,147	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	782,200	696,686	-	-	-	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	681,972	102,456	-	-	-	-	-	-	-	-
Assumption Changes	33,697	331,685	-	-	-	-	-	-	-	-
Benefit Payments and Refunds	(297,513)	(176,933)	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	1,449,331	1,229,041	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning	<u>10,481,487</u>	<u>9,252,446</u>	<u>\$ -</u>							
Total Pension Liability - Ending (a)	<u>\$11,930,818</u>	<u>\$10,481,487</u>	<u>\$ -</u>							
Plan Fiduciary Net Position										
Employer Contributions	\$ 425,528	\$ 349,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Contributions	114,457	111,815	-	-	-	-	-	-	-	-
Pension Plan Net Investment Income	43,111	480,618	-	-	-	-	-	-	-	-
Benefit Payments and Refunds	(297,513)	(176,933)	-	-	-	-	-	-	-	-
Other	(142,279)	(752)	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	143,304	764,213	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	<u>8,501,024</u>	<u>7,736,811</u>	<u>\$ -</u>							
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,644,328</u>	<u>\$8,501,024</u>	<u>\$ -</u>							
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 3,286,490	\$ 1,980,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability Covered Valuation Payroll	72.45%	81.11%	-	-	-	-	-	-	-	-
Net Pension Liability as a Percentage of Covered Valuation Payroll	134.50%	89.39%	-	-	-	-	-	-	-	-

Village of Chatham, Illinois
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
 POLICE PENSION TRUST FUND
 Required Supplemental Information
 April 30, 2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 306,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	630,194	-	-	-	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-	-	-	-	-	-	-
Changes in Assumptions	-	-	-	-	-	-	-	-	-	-
Benefit Payments and Refunds	(290,496)	-	-	-	-	-	-	-	-	-
Net Change In Total Pension Liability	646,466	-	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning	10,228,358	-	-	-	-	-	-	-	-	-
Total Pension Liability - Ending (a)	<u>\$10,874,824</u>	<u>\$ -</u>								
Plan Fiduciary Net Position										
Contributions - Employer	\$ 326,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	108,237	-	-	-	-	-	-	-	-	-
Net Investment Income	(52,244)	-	-	-	-	-	-	-	-	-
Benefit Payments and Refunds	(290,496)	-	-	-	-	-	-	-	-	-
Administrative Expense	(13,673)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	78,452	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	5,793,795	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,872,246</u>	<u>\$ -</u>								
Employer Net Pension Liability - Ending (a) - (b)	<u>\$ 5,002,578</u>	<u>\$ -</u>								

The current year information was developed in the completion of this report.

Village of Chatham, Illinois
SCHEDULE OF CONTRIBUTIONS AND NOTES TO THE SCHEDULE
ILLINOIS MUNICIPAL RETIREMENT FUND
 Required Supplemental Information
 April 30, 2016

Calendar year ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 326,453	\$ 290,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)	425,528 (\$ 99,075)	349,465 (\$ 59,232)	-	-	-	-	-	-	-	-
Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	\$ 2,443,509 17.41%	\$ 2,215,518 15.77%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO SCHEDULE OF CONTRIBUTIONS

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate*

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2014 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	28-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Health Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Village of Chatham, Illinois
SCHEDULE OF CONTRIBUTIONS
 POLICE PENSION TRUST FUND
 Required Supplemental Information
 April 30, 2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	\$ 327,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	<u>326,628</u>	<u>-</u>								
Contribution Deficiency (Excess)	\$ <u>424</u>	\$ <u>-</u>								
Covered-Employee Payroll	\$ 1,185,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered-Employee Payroll	27.5%									

NOTES TO SCHEDULE OF CONTRIBUTIONS

The actuarially determined contribution shown for the current year if from the May 1, 2014 contribution as disclosed in the May 1, 2015 actuary's report completed by TCG Public Consulting, LTD. This amount was the recommendation for the December 2014 tax levy.

Village of Chatham, Illinois
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
Required Supplemental Information
April 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
04/30/16	N/A	3,357,485	3,357,485	0.00%	N/A	N/A
04/30/15	N/A	3,357,485	3,357,485	0.00%	N/A	N/A
04/30/14	N/A	N/A	N/A	N/A	N/A	N/A
04/30/13	N/A	N/A	N/A	N/A	N/A	N/A
04/30/12	-	1,826,860	1,826,860	0.00%	3,080,534	59.30%
04/30/11	N/A	N/A	N/A	N/A	N/A	N/A
04/30/10	N/A	N/A	N/A	N/A	N/A	N/A

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
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS PLAN
 Required Supplemental Information
 April 30, 2016

<u>Fiscal Year Ending</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$224,768	\$383,924	58.54%	\$832,703
2015	208,936	369,158	58.09%	685,775
2014	17,099	173,077	9.88%	535,093
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
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 GENERAL FUND
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2016 Actual</u>
REVENUES			
Property taxes	\$1,123,550	\$1,123,550	\$1,122,508
Replacement tax	3,000	3,000	2,780
Road and bridge taxes	26,700	26,700	23,867
Sales taxes.....	887,600	887,600	933,352
Income taxes	1,138,500	1,138,500	1,225,583
Local use tax	223,100	223,100	264,653
Telecommunications tax.....	237,000	237,000	228,030
Gaming tax	39,300	39,300	57,601
Franchise fees	219,500	219,500	230,162
Business licenses	23,850	23,850	18,625
Building and zoning fees	66,150	66,150	68,083
Fines.....	92,600	92,600	76,157
Recreation program fees and contributions.....	32,900	32,900	33,070
Cemetery fees	13,600	13,600	13,200
Charges for services.....	17,400	17,400	16,142
Administration fee	195,100	195,100	195,100
Investment income.....	2,202	2,202	3,588
Other	63,923	63,923	103,382
Federal grants.....	<u>17,000</u>	<u>17,000</u>	<u>15,611</u>
 Total revenues.....	 <u>4,422,975</u>	 <u>4,422,975</u>	 <u>4,631,494</u>
EXPENDITURES			
General Government:			
Salaries and overtime.....	228,500	212,250	201,208
Village officials.....	53,000	53,000	51,600
Other payroll expenditures	124,400	130,400	119,374
Legal fees	32,208	102,208	96,321
Professional services.....	83,202	108,002	91,921
Accounting and auditing fees	2,500	2,500	2,500
Building and grounds maintenance	9,992	13,792	11,788
Vehicle and equipment maintenance.....	2,258	2,258	1,072
Office expenditures.....	30,450	30,450	25,235
IT & GIS	39,374	27,324	20,506
General insurance	27,016	27,016	26,996
Emergency services	14,286	18,486	17,187
Refunds	<u>2,976</u>	<u>2,976</u>	<u>1,327</u>
 Total general government.....	 <u>650,162</u>	 <u>730,662</u>	 <u>667,035</u>

(continued)

Village of Chatham, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 GENERAL FUND
 For the Year Ended April 30, 2016

	Original Budget	Final Budget	2016 Actual
EXPENDITURES, CONTINUED			
Cemetery:			
Salaries and overtime	\$ 29,150	\$ 29,150	\$ 22,643
Other payroll expenditures	9,250	9,250	7,717
Building and grounds maintenance	14,545	14,545	13,218
Total Cemetery.....	52,945	52,945	43,578
Culture and recreation:			
Salaries and overtime.....	255,000	255,000	228,501
Other payroll expenditures	106,300	106,300	92,707
Building and grounds maintenance	48,969	43,469	31,069
Program expenditures	30,846	30,846	30,109
4 th of July.....	7,000	7,000	7,000
Vehicle and equipment maintenance.....	22,242	27,142	21,125
Office expenditures.....	1,373	1,573	1,427
Equipment purchase.....	7,322	7,322	2,296
Uniforms and supplies	2,388	2,788	2,110
Total culture and recreation	481,440	481,440	416,344
Public safety:			
Salaries and overtime.....	1,434,000	1,433,500	1,340,376
Other payroll expenditures	477,700	477,700	431,781
Travel and training.....	7,323	7,823	7,287
Professional services.....	2,746	2,746	1,857
Building and grounds maintenance	8,925	8,925	6,109
Vehicle and equipment maintenance.....	40,000	40,000	34,093
Office expenditures.....	47,327	47,327	38,732
IT & GIS	8,239	8,239	5,360
General insurance	38,905	38,905	38,313
Equipment purchase.....	31,871	34,871	33,030
Pension contribution	326,925	326,925	326,622
Uniforms and supplies	24,065	24,065	18,729
Crime prevention	10,619	10,619	7,208
Total public safety.....	2,458,645	2,461,645	2,289,497

(continued)

Village of Chatham, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 GENERAL FUND
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2016 Actual</u>
EXPENDITURES, CONTINUED			
Public works/transportation:			
Salaries and overtime.....	\$ 249,300	\$ 253,300	\$ 235,616
Other payroll expenditures	108,900	109,900	105,042
Building and ground maintenance.....	7,127	9,827	8,314
Vehicle and equipment maintenance.....	65,311	69,411	59,521
General insurance	21,598	21,598	21,278
Equipment purchase.....	20,993	31,493	26,314
Uniforms and supplies	11,749	12,749	6,548
Street maintenance.....	8,636	11,636	6,617
Real property purchase	-	5,000	5,000
Office expenditures.....	<u>1,011</u>	<u>1,011</u>	<u>473</u>
Total public works/transportation.....	<u>494,625</u>	<u>525,925</u>	<u>474,723</u>
Debt service:			
Principal	56,500	56,500	56,410
Interest.....	<u>7,250</u>	<u>7,250</u>	<u>7,247</u>
Total debt service.....	<u>63,750</u>	<u>63,750</u>	<u>63,657</u>
Total expenditures.....	<u>4,201,567</u>	<u>4,316,367</u>	<u>3,954,834</u>
NET CHANGE IN FUND BALANCE	<u>\$ 221,408</u>	<u>\$ 106,608</u>	676,660
FUND BALANCE – MAY 1 2015			1,143,566
FUND BALANCE – APRIL 30, 2016			<u>\$1,820,226</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 TIF DISTRICT FUND
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2016 Actual</u>
REVENUES			
Property taxes	\$ 559,500	\$ 559,500	\$ 573,913
Investment income.....	<u>1,300</u>	<u>1,300</u>	<u>741</u>
Total revenues.....	<u>560,800</u>	<u>560,800</u>	<u>574,654</u>
EXPENDITURES			
General government	543	543	-
Economic development.....	<u>50,789</u>	<u>50,789</u>	<u>31,276</u>
Total expenditures.....	<u>51,332</u>	<u>51,332</u>	<u>31,276</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>509,468</u>	<u>509,468</u>	<u>543,378</u>
OTHER FINANCING SOURCES (USES)			
Transfer out debt service	(126,875)	(126,875)	(29,467)
Transfer out of capital projects.....	<u>(378,649)</u>	<u>(378,649)</u>	<u>(64,892)</u>
Total other financing sources (uses).....	<u>(505,524)</u>	<u>(505,524)</u>	<u>(94,359)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,944</u>	<u>\$ 3,944</u>	449,019
FUND BALANCE – MAY 1, 2015			<u>4,040</u>
FUND BALANCE – APRIL 30, 2016			<u>\$ 453,059</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2016

NOTE 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 two budget amendments during the fiscal year.

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

Village of Chatham, Illinois
COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 April 30, 2016

	Special Revenue				Debt Service	Capital Projects	Permanent	Total
Assets	Motor Fuel Tax	Veteran's Memorial Brick	Yard Waste, Recycling and Refuse	Police and Public Works Utility Tax	TIF District	Capital Projects	Cemetery Trust	Total
ASSETS								
Cash and cash equivalents.....	\$ 355,975	\$ 11,651	\$ 244,980	\$ 14,068	\$ -	\$ 148,405	\$ 416,085	\$ 1,191,164
Taxes receivable.....	26,172	-	-	-	-	-	-	26,172
Other receivables.....	-	-	12,499	-	-	-	1,667	14,166
Due from other funds.....	-	-	-	616	-	-	-	616
Due from other governments.....	-	-	-	-	-	16,756	-	16,756
TOTAL ASSETS.....	\$ 382,147	\$ 11,651	\$ 257,479	\$ 14,684	\$ -	\$ 165,161	\$ 417,752	\$ 1,248,874
Liabilities and Fund Balances								
LIABILITIES								
Accounts payable.....	\$ 475	\$ -	\$ 19,576	\$ -	\$ -	\$ 2,615	\$ -	\$ 22,666
Accrued payroll.....	-	-	753	-	-	-	-	753
Payroll tax and related liabilities.....	-	-	162	-	-	-	-	162
Total Liabilities.....	475	-	20,491	-	-	2,615	-	23,581
FUND BALANCE								
Nonspendable:								
Corpus of permanent fund.....	-	-	-	-	-	-	347,655	347,655
Restricted for:								
Public works.....	381,672	-	-	-	-	-	-	381,672
Unrestricted:								
Committed:								
Veteran's memorial brick.....	-	11,651	-	-	-	-	-	11,651
Yard waste.....	-	-	236,988	-	-	-	-	236,988
Public safety.....	-	-	-	5,931	-	-	-	5,931
Public works.....	-	-	-	8,753	-	-	-	8,753
Cemetery.....	-	-	-	-	-	-	70,097	70,097
Assigned:								
Capital projects.....	-	-	-	-	-	162,546	-	162,546
Total Fund Balance.....	381,672	11,651	236,988	14,684	-	162,546	417,752	1,225,293
TOTAL LIABILITIES AND FUND BALANCE.....	\$ 382,147	\$ 11,651	\$ 257,479	\$ 14,684	\$ -	\$ 165,161	\$ 417,752	\$ 1,248,874

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON MAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

	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				
REVENUES								
Motor fuel taxes	\$ 309,629	-	-	\$ -	-	-	\$ -	\$ 309,629
Telecommunications tax	-	-	-	57,008	-	-	-	57,008
Fees and services charges	-	1,050	135,343	-	-	8,800	8,800	145,193
Federal grants	-	-	-	-	-	-	-	16,756
Investment income	522	17	596	13	-	1,230	1,230	2,770
Total revenues	<u>310,151</u>	<u>1,067</u>	<u>135,939</u>	<u>57,021</u>	<u>-</u>	<u>17,148</u>	<u>10,030</u>	<u>531,356</u>
EXPENDITURES								
Current:								
Cemetery	-	-	-	-	-	3,200	3,200	3,200
Culture and recreation	-	641	-	-	-	-	-	641
Public safety	-	-	-	85,652	-	-	-	85,652
Public works/transportation	127,313	-	124,090	144,501	-	-	-	395,904
Capital outlay	-	-	-	-	-	215,062	-	215,062
Debt service:								
Principal	-	-	-	-	125,000	-	-	125,000
Interest	-	-	-	-	1,875	-	-	1,875
Total expenditures	<u>127,313</u>	<u>641</u>	<u>124,090</u>	<u>230,153</u>	<u>126,875</u>	<u>215,062</u>	<u>3,200</u>	<u>827,334</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>182,838</u>	<u>426</u>	<u>11,849</u>	<u>(173,132)</u>	<u>(126,875)</u>	<u>(197,914)</u>	<u>6,830</u>	<u>(295,978)</u>
OTHER FINANCING SOURCES								
Transfer in	-	-	-	-	29,467	64,892	-	94,359
Capital lease proceeds	-	-	-	152,500	-	-	-	152,500
Total other financing sources (uses)	-	-	-	<u>152,500</u>	<u>29,467</u>	<u>64,892</u>	-	<u>246,859</u>
NET CHANGE IN FUND BALANCE	<u>182,838</u>	<u>426</u>	<u>11,849</u>	<u>(20,632)</u>	<u>(97,408)</u>	<u>(133,022)</u>	<u>6,830</u>	<u>(49,119)</u>
FUND BALANCE - MAY 1, 2015	<u>198,834</u>	<u>11,225</u>	<u>225,139</u>	<u>35,316</u>	<u>97,408</u>	<u>295,568</u>	<u>410,922</u>	<u>1,274,412</u>
FUND BALANCE - APRIL 30, 2016	<u>\$ 381,672</u>	<u>\$ 11,651</u>	<u>\$ 236,988</u>	<u>\$ 14,684</u>	<u>\$ -</u>	<u>\$ 162,546</u>	<u>\$ 417,752</u>	<u>\$ 1,225,293</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
 For the Year Ended April 30, 2016

	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.....	\$ 273,700	\$ 309,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telecommunications tax.....	-	-	-	-	-	-	59,500	57,008
Fees and services charges.....	-	-	950	1,050	131,300	135,343	-	-
Investment income.....	400	522	-	17	-	596	-	13
Total revenues.....	<u>274,100</u>	<u>310,151</u>	<u>950</u>	<u>1,067</u>	<u>131,300</u>	<u>135,939</u>	<u>59,500</u>	<u>57,021</u>
EXPENDITURES								
Street maintenance and improvements.....	273,700	127,313	-	-	-	-	-	-
Yard waste supplies and services.....	-	-	-	-	91,650	80,831	-	-
Professional services.....	-	-	-	-	16,000	15,905	-	-
Building and grounds maintenance.....	-	-	800	641	-	-	-	-
Equipment.....	-	-	-	-	27,449	27,354	238,774	230,153
Total expenditures.....	<u>273,700</u>	<u>127,313</u>	<u>800</u>	<u>641</u>	<u>135,099</u>	<u>124,090</u>	<u>238,774</u>	<u>230,153</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES.....	400	182,838	150	426	(3,799)	11,849	(179,274)	(173,132)
OTHER FINANCING SOURCES (USES)								
Capital lease proceeds.....	-	-	-	-	-	-	150,000	152,500
NET CHANGE IN FUND BALANCE	<u>\$ 400</u>	<u>182,838</u>	<u>\$ 150</u>	<u>426</u>	<u>(\$ 3,799)</u>	<u>11,849</u>	<u>(\$ 29,274)</u>	<u>(20,632)</u>
FUND BALANCE – MAY 1, 2015.....		<u>198,834</u>		<u>11,225</u>		<u>225,139</u>		<u>35,316</u>
FUND BALANCE – APRIL 30, 2016		<u>\$ 381,672</u>		<u>\$ 11,651</u>		<u>\$ 236,988</u>		<u>\$ 14,684</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 DEBT SERVICE FUND
 For the Year Ended April 30, 2016

	TIF District	
	Final Budget	Actual
REVENUES	\$ -	\$ -
EXPENDITURES		
Debt service:		
Principal	125,000	125,000
Interest	<u>1,875</u>	<u>1,875</u>
Total expenditures	<u>126,875</u>	<u>126,875</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(126,875)	(126,875)
OTHER FINANCING SOURCES		
Transfer in	<u>126,875</u>	<u>29,467</u>
NET CHANGE IN FUND BALANCE	\$ -	(97,408)
FUND BALANCE – MAY 1, 2015		<u>97,408</u>
FUND BALANCE – APRIL 30, 2016		<u>\$ -</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 CAPITAL PROJECTS FUND
 For the Year Ended April 30, 2016

	Capital Projects	
	Final Budget	Actual
REVENUES		
Federal grants.....	\$ 17,800	\$ 16,756
Investment income.....	-	392
Total Revenues	<u>17,800</u>	<u>17,148</u>
EXPENDITURES		
Construction.....	<u>617,045</u>	<u>215,062</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(599,245)	(197,914)
OTHER FINANCING SOURCES		
Transfers in.....	<u>378,649</u>	<u>64,892</u>
NET CHANGE IN FUND BALANCE	(<u>\$220,596</u>)	(133,022)
FUND BALANCE – MAY 1, 2015		<u>295,568</u>
FUND BALANCE – APRIL 30, 2016		<u>\$162,546</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 PERMANENT FUND
 For the Year Ended April 30, 2016

	Cemetery Trust	
	Final Budget	Actual
REVENUES		
Fees and service charges	\$ 21,200	\$ 8,800
Investment income.....	1,200	1,230
Total revenues.....	22,400	10,030
EXPENDITURES		
Refunds.....	5,000	3,200
NET CHANGE IN FUND BALANCE	\$ 17,400	6,830
FUND BALANCE – MAY 1, 2015		410,922
FUND BALANCE – APRIL 30, 2016		\$417,752

See accompanying Independent Auditor’s Report.

SUPPLEMENTARY FINANCIAL INFORMATION

Village of Chatham, Illinois
COMPARATIVE STATEMENT OF NET POSITION
ELECTRIC FUND
April 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents.....	\$ 1,503,849	\$ 806,638
Restricted accounts - cash.....	228,142	349,191
Accounts receivables.....	810,976	742,516
Due from other funds.....	358,828	358,828
Inventory.....	<u>369,907</u>	<u>426,322</u>
Total current assets.....	<u>3,271,702</u>	<u>2,683,495</u>
CAPITAL ASSETS		
Capital assets, not being depreciated.....	279,734	279,734
Property and equipment.....	18,857,490	18,539,894
Less: accumulated depreciation.....	(8,080,711)	(7,567,516)
Total capital assets.....	<u>11,056,513</u>	<u>11,252,112</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension.....	<u>453,759</u>	-
TOTAL ASSETS	<u>14,781,974</u>	<u>13,935,607</u>
CURRENT LIABILITIES		
Accounts payable.....	63,165	52,218
Accrued payroll.....	14,962	41,832
Accrued compensated absences payable.....	154,424	136,716
Unearned income.....	90,068	74,965
Customer deposits.....	123,200	117,400
Accrued interest payable.....	56,251	60,617
Other payables.....	3,249	8,751
Current maturities of long term debt:		
G.O. bonds (Alternate Revenue Source) payable.....	235,000	231,000
Debt certificates.....	-	45,000
Capital lease payable.....	<u>22,018</u>	<u>21,720</u>
Total current liabilities.....	<u>762,337</u>	<u>790,219</u>
LONG-TERM LIABILITIES		
Net OPEB obligation.....	129,922	104,149
Net Pension Liability.....	1,204,913	-
G.O. bonds (Alternate Revenue Source) payable.....	3,105,000	3,340,000
Capital lease payable.....	<u>51,138</u>	<u>73,256</u>
Total long-term liabilities.....	<u>4,490,973</u>	<u>3,517,405</u>
TOTAL LIABILITIES	<u>5,253,310</u>	<u>4,307,624</u>
NET POSITION		
Investment in capital assets.....	7,643,356	7,541,136
Restricted for debt service.....	228,142	349,191
Unrestricted.....	<u>1,657,166</u>	<u>1,737,656</u>
TOTAL NET POSITION	<u>\$ 9,528,664</u>	<u>\$ 9,627,983</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**
ELECTRIC FUND
For the Years Ended April 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
User charges	\$ 9,617,176	\$ 9,311,838
Other income	<u>153,134</u>	<u>113,408</u>
Total revenues.....	<u>9,770,310</u>	<u>9,425,246</u>
EXPENSES		
Electricity purchases.....	6,326,726	6,307,891
Distribution and customer service.....	2,225,723	2,120,501
Depreciation.....	<u>513,195</u>	<u>543,480</u>
Total expenses.....	<u>9,065,644</u>	<u>8,971,872</u>
OPERATING INCOME (LOSS)	<u>704,666</u>	<u>453,374</u>
NONOPERATING INCOME (EXPENSE)		
Investment income.....	3,646	2,732
Grant income	34,482	-
Interest expense	(<u>116,024</u>)	(<u>124,697</u>)
Total nonoperating (expense).....	(<u>77,896</u>)	(<u>121,965</u>)
CHANGE IN NET POSITION	626,770	331,409
NET POSITION – MAY 1, 2015, as Previously Reported.....	9,627,983	9,296,574
Change in Method of Accounting for Pensions.....	(<u>726,089</u>)	<u>-</u>
NET POSITION – MAY 1 2015, as Restated.....	<u>8,901,894</u>	<u>9,296,574</u>
NET POSITION – APRIL 30, 2016	<u>\$ 9,528,664</u>	<u>\$ 9,627,983</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
COMPARATIVE BALANCE SHEET
TIF DISTRICT
April 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents – restricted	\$ 453,059	\$ 30,445
Taxes receivable	<u>578,930</u>	<u>575,575</u>
TOTAL ASSETS.....	<u>\$1,031,989</u>	<u>\$ 606,020</u>
LIABILITIES		
Accounts payable.....	\$ -	\$ 26,405
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue – property taxes	<u>578,930</u>	<u>575,575</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....	<u>578,930</u>	<u>601,980</u>
FUND BALANCES		
Restricted for economic development.....	<u>453,059</u>	<u>4,040</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	<u>\$1,031,989</u>	<u>\$ 606,020</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**
TIF DISTRICT
For the Years Ended April 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
Property taxes	\$ 573,913	\$ 548,478
Investment income.....	<u>741</u>	<u>1,303</u>
Total revenues.....	<u>574,654</u>	<u>549,781</u>
EXPENDITURES		
Current operations:		
Economic development	<u>31,276</u>	<u>49,969</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE		
OTHER FINANCING (USES)	<u>543,378</u>	<u>499,812</u>
OTHER FINANCING (USES)		
Transfer in (out) for capital projects.....	(64,892)	(1,602,934)
Transfer in (out) for debt service.....	(29,467)	(114,173)
Total other financing sources (uses).....	(94,359)	(1,717,107)
NET CHANGE IN FUND BALANCE	449,019	(1,217,295)
FUND BALANCE – MAY 1, 2015	<u>4,040</u>	<u>1,221,335</u>
FUND BALANCE – APRIL 30, 2016	<u>\$ 453,059</u>	<u>\$ 4,040</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
SCHEDULE OF DEBT SERVICE REQUIREMENTS
GOVERNMENTAL ACTIVITIES
April 30, 2016

	General Obligation Bonds Series 2001		Total Debt Service Requirements
	<u>Principal</u>	<u>Interest</u>	
2016 – 2017	<u>\$ 36,000</u>	<u>\$ 1,800</u>	<u>\$ 37,800</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
SCHEDULE OF DEBT SERVICE REQUIREMENTS
 BUSINESS-TYPE ACTIVITIES
 April 30, 2016

	Electric General Obligation (Alternative Revenue Source)		Total Debt Service Requirements
	Bonds, Series 2014		
	<u>Principal</u>	<u>Interest</u>	
2016 – 2017	\$ 235,000	\$ 112,501	\$ 347,501
2017 – 2018	247,000	105,287	352,287
2018 – 2019	260,000	97,555	357,555
2019 – 2020	263,000	89,391	352,391
2020 – 2021	273,000	81,081	354,081
2021 – 2022	279,000	72,126	351,126
2022 – 2023	295,000	62,807	357,807
2023 – 2024	306,000	52,719	358,719
2024 – 2025	314,000	42,192	356,192
2025 – 2026	321,000	31,234	352,234
2026 – 2027	336,000	19,870	355,870
2027 – 2028	106,000	7,976	113,976
2028 – 2029	<u>105,000</u>	<u>3,969</u>	<u>108,969</u>
	<u>\$3,340,000</u>	<u>\$ 778,708</u>	<u>\$4,118,708</u>

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
SCHEDULE OF INVESTMENTS
 April 30, 2016

	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Police Pension Fund				
<u>Charles Schwab Account:</u>				
Mutual Funds:				
Equity Funds:				
Baron Growth Fund.....	\$ 197,500	\$ 182,688		
Champlain Small Company.....	286,185	286,959		
Harbor International.....	283,943	255,797		
Harding Loevner Inst.....	135,000	131,490		
Longleaf Partners Fund.....	329,992	238,266		
Longleaf Partners Small.....	356,000	326,514		
Mainstay Large Cap.....	299,000	270,493		
Oakpark Fund.....	441,500	439,614		
Primecap Odyssey Growth.....	264,000	281,498		
Tweedy Browne Global.....	<u>255,670</u>	<u>235,829</u>		
Total Equity Funds.....	<u>2,848,790</u>	<u>2,649,148</u>		
Fixed Income:				
US Treasuries:				
INFL Index.....	<u>102,921</u>	<u>106,124</u>	0.0625%	01/15/2024
Agency Securities				
FFCB.....	56,374	60,010	2.22%	01/17/2023
FEDERAL FARM CREDIT.....	99,374	100,562	2.67%	12/15/2023
FEDERAL FARM CREDIT.....	99,935	100,570	2.99%	08/26/2024
FHLB.....	84,868	85,156	2.45%	12/16/2022
FHLB.....	46,860	50,003	2.13%	12/13/2022
FINANCING CO STRIP.....	<u>101,570</u>	<u>106,947</u>	0.00%	12/27/2018
Total Agency Securities.....	<u>488,981</u>	<u>503,248</u>		
Corporate Bonds:				
Apple Inc.....	50,324	52,394	2.85%	05/06/2021
Apple Inc.....	74,548	77,387	2.70%	05/06/2022
Berkshire Hathaway.....	50,881	52,745	2.90%	10/15/2020
Berkshire Hathaway.....	104,141	105,564	3.00%	05/15/2022
Coca-Cola Company.....	45,211	48,557	3.20%	11/01/2023
Exxon Mobil Corp.....	100,265	102,303	2.73%	03/01/2023
IBM Corp.....	56,973	57,352	7.625%	10/15/2018
IBM Corp.....	60,224	61,454	8.375%	11/01/2019
Microsoft Corp.....	61,980	64,402	2.650%	11/03/2022
Wal-Mart Stores.....	89,325	91,228	6.750%	10/15/2023
Wal-Mart Stores.....	<u>103,052</u>	<u>107,977</u>	3.250%	10/25/2020
Total Corporate Bonds.....	<u>796,924</u>	<u>821,363</u>		
Municipal Bonds:				
DuPage ETC IL.....	<u>80,177</u>	<u>82,455</u>	4.875%	01/01/2019
Mortgage Pools:				
GNMA Pool AE4614.....	99,875	100,838	3.000%	03/15/2045
GNMA Pool AL5347.....	<u>97,781</u>	<u>101,234</u>	3.500%	05/15/2043
Total Mortgage Pools.....	<u>197,656</u>	<u>202,072</u>		
CMO & Asset Backed Securities:				
Government Nation.....	<u>41,628</u>	<u>41,966</u>	3.500%	07/02/2036

Village of Chatham, Illinois
SCHEDULE OF INVESTMENTS
 April 30, 2016

	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Certificate of Deposit:				
Capital One	\$ 99,790	\$ 101,401	1.75%	08/27/2018
Capital One	99,665	103,477	2.40%	08/19/2020
Capital One	99,515	103,148	2.35%	06/17/2021
Synchrony Bank.....	99,640	102,123	2.05%	06/20/2019
Synchrony Bank.....	<u>99,515</u>	<u>104,365</u>	2.60%	09/13/2021
Total Certificate of Deposit	<u>498,125</u>	<u>514,514</u>		
Total Charles Schwab	<u>5,055,202</u>	<u>4,920,890</u>		
Bank & Trust:				
Certificate of Deposit	109,408	109,408	2.00%	08/16/2016
Certificate of Deposit	<u>262,996</u>	<u>262,996</u>	1.45%	10/30/2017
Total Bank & Trust	<u>372,404</u>	<u>372,404</u>		
Total Fiduciary Funds	<u>\$5,427,606</u>	<u>\$5,293,294</u>		

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois

SCHEDULE OF INSURANCE COVERAGE

April 30, 2016

Type of Coverage and Name of Company	Policy Number	Policy Period		Details of Coverage	Liability Limits	Annual Premium
		From	To			
General Liability Illinois Counties Risk Management Trust	ICRMT2016510	01/01/2016	12/01/2016	General Liability Property Damage	Coverage Applies to: \$1,000,000 General Aggregate \$3,000,000 Products/Completed Operation Annual Aggregate \$1,000,000	\$114,555
Excess Liability Illinois Counties Risk Management Trust	ICRMT2016510	01/01/2016	12/01/2016	Excess Liability	\$10,000,000 limit	
Automobile Liability Illinois Counties Risk Management Trust	ICRMT2016510	01/01/2016	12/01/2016	Automobile Liability	\$1,000,000 per occurrence	
Property/Inland Marine/Auto Coverage Physical Damage Illinois Counties Risk Management Trust	ICRMT2016510	01/01/2016	12/01/2016	Property	\$20,157,588 limit	
Worker's Compensation Illinois Public Risk Fund	1387	12/31/2015	01/01/2017	Workers Compensation Employers Liability	Statutory \$3,000,000 per occurrence	\$ 77,178

See accompanying Independent Auditor's Report.

Village of Chatham, Illinois
SCHEDULE OF ELECTRIC RATES CHARGED
April 30, 2016

The Electric System served 5,496 customers as of April 30, 2016. The Village provided 75,857,545 kilowatt hours to its customers during fiscal year 2016. The electric rates charged by the Village are as follows:

Standard Residential Service Rates

- (1) Rate: \$0.1102 net per kwh
Facility Charge \$11.23

Senior Citizen Residential and Village Park Service Rate

- (1) Rate: \$0.0993 net per kwh
Facility Charge \$11.23

Governmental Service

- (1) Rate: \$0.0993/kwh
- (2) Demand Charge: \$6.0911/multiplier/demand unit (demand will be the highest average kilowatt demand measured in any 15 minute period during the month)
- (3) Facility charge \$24.15

General Service – Commercial Without Demand

- (1) Rate: \$0.1300/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) \$11.23 per month single phase
 - b) \$25.12 per month three phase

General Service – Commercial With Demand

- (1) Rate: \$0.1030/kwh
- (2) Demand Charge: \$6.0911/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) \$11.23 per month single phase
 - b) \$24.15 per month three phase

Industrial Service

- (1) Rate
 - a) \$0.0901/kwh
 - b) \$8.1110/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) \$19.32 per month single phase
 - b) \$48.30 per month three phase
- (3) Security Lighting Rate: \$8.20/kwh

Estes, Bridgewater & Ogden

LORI K. MILOSEVICH, C.P.A., C.F.E.
TERRI L. PHELPS, C.P.A.
JAMES C. LEGG, C.P.A.

RICHARD W. OGDEN, C.P.A.
RICHARD L. GRAFTON, C.P.A.
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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH STATE OF ILLINOIS PUBLIC ACT 85-1142

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, 2016. 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, 2016, 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 Comptroller's office and the Joint Review Board and should not be used by anyone other than these specified parties.



Certified Public Accountants
Springfield, Illinois

October 31, 2016

ADDITIONAL SCHEDULES

Village of Chatham, Illinois
**SCHEDULE OF ASSESSED VALUATIONS, RATES,
EXTENSIONS AND COLLECTIONS**
Tax Years 2015, 2014, and 2013

	2015	2014	2013
ASSESSED VALUATION	<u>\$250,231,664</u>	<u>\$239,154,938</u>	<u>\$226,206,007</u>
TAX RATES			
General	0.1693	0.2270	0.2245
Police pension	0.2039	0.1367	0.1511
I.M.R.F.....	0.0464	0.0487	0.0480
Police Protection.....	<u>0.0434</u>	<u>0.0574</u>	<u>0.0518</u>
Total.....	<u>0.4630</u>	<u>0.4698</u>	<u>0.4754</u>
EXTENSIONS			
General.....	\$ 423,642	\$ 542,882	\$ 507,832
Police pension	510,222	326,925	341,797
I.M.R.F.....	116,107	116,468	108,579
Police Protection.....	<u>108,601</u>	<u>137,275</u>	<u>117,175</u>
Total.....	<u>\$ 1,158,572</u>	<u>\$ 1,123,550</u>	<u>\$ 1,075,383</u>
COLLECTIONS			
General (included I.M.R.F. and Police Protection).....		\$ 795,886	\$ 732,093
Police Pension.....		<u>326,622</u>	<u>341,102</u>
		<u>\$ 1,122,508</u>	<u>\$ 1,073,195</u>
Village share of road and bridge taxes		<u>\$ 23,867</u>	<u>\$ 26,284</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 2015

ASSESSED VALUATION – 2015 LEVY		<u>\$250,231,664</u>
STATUTORY DEBT LIMITATION (8.625% OF VALUATION).....		\$ 21,582,481
Total Debt:		
General obligation bonds.....	\$ 36,000	
Electric general obligation (alternative revenue source) bonds	<u>3,340,000</u>	
	3,376,000	
Less debt paid from other sources.....	(<u>3,340,000</u>)	(<u>36,000</u>)
LEGAL DEBT MARGIN		<u>\$ 21,546,481</u>

See accompanying Independent Auditor's Report.