

CITY OF CHILLICOTHE
Chillicothe, Illinois

ANNUAL FINANCIAL REPORT
AND
INDEPENDENT AUDITOR'S REPORT

For The Year Ended April 30, 2016

McElhiney, LLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
And Aldermen
City of Chillicothe, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Chillicothe, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes assessing the appropriateness of accounting policies used and 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 government units, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chillicothe, 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 on pages 6 through 12 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chillicothe, Illinois's basic financial statements. The introductory section, 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2016, on our consideration of the City of Chillicothe's internal control over reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the City of Chillicothe's internal control over financial reporting and compliance.



Kassandra J. McElhiney, CPA
McElhiney, LLC
Certified Public Accountants

Chillicothe, Illinois
October 3, 2016

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

Honorable Mayor
And Aldermen
City of Chillicothe, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Chillicothe, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise City of Chillicothe, Illinois's basic financial statements and have issued our report thereon dated October 3, 2016.

Internal Control Over Financial Reporting

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

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

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

Likelihood of Detecting Misstatements in the Financial Statements

Subsequent to the conclusion of our audit fieldwork, we draft the City's financial statements, disclosures and related supplemental statements and schedules. Professional Standards allow an auditor to perform this service in the form of technical assistance, but it is understood that the City management is responsible for the financial statements and is required to have a level of involvement and expertise that would result in an understanding of the financial statements and the ability to detect errors, omissions or misstatements, if any should occur.

Through the years, we understand that you have always relied on your auditor to perform this service and we have assumed that it was done correctly. However, our involvement in the drafting of the financial statements does not relieve City management of its responsibility for the accuracy and completeness of those statements.

Your auditors have always discussed the financial statements and related disclosures and schedules, and we believe these discussions would have identified any material errors, omissions or misstatements. However, to fully comply with the rules of ethics and independence, we suggest that the Office Manager and members of the Finance Committee, in a meeting with the auditors, devote more time to the task of reviewing the financial statements so that City management has a more thorough understanding of the full content of the statements prior to their release.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Chillicothe, Illinois's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the paragraphs above.

Purpose of this Report

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



Kassandra J. McElhiney, CPA
McElhiney, LLC
Certified Public Accountants

Chillicothe, Illinois
October 3, 2016

AUDITOR'S REPORT ON COMPLIANCE WITH TAX INCREMENT
ALLOCATION REDEVELOPMENT ACT

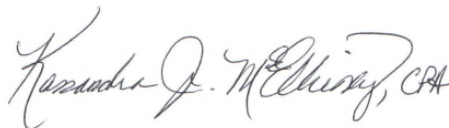
Honorable Mayor
and Aldermen
City of Chillicothe, Illinois

Dear Mayor and Aldermen:

I have examined the combined statements of the City of Chillicothe, Illinois, for the year ended April 30, 2016, and have issued my report thereon, dated October 3, 2016. My examination was made in accordance with generally accepted governmental auditing standards, and accordingly, included in such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

The management of the City of Chillicothe, Illinois, is responsible for the City's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from the Plaza Park Tax Increment Area General Obligation bond Fund to determine the City's compliance with subsection (q) of Section 11-74.4-3 of Chapter 24 of the Illinois Revised Statutes (Tax Increment Allocation Redevelopment Act), noncompliance with which could have a material effect on the allowability of redevelopment project costs.

The results of my tests indicate that for the transactions tested, the City of Chillicothe, Illinois, complied with the Statute referred to above. In addition, for those transactions that were not tested, nothing came to my attention to indicate that the City of Chillicothe, Illinois, was not in compliance with this Statute.



Kassandra J. McElhiney, CPA
McElhiney, LLC
Certified Public Accountants

Chillicothe, Illinois
October 3, 2016

City of Chillicothe, Illinois
Management's Discussion and Analysis

The following provides a narrative overview and analysis of the fiscal operations during the fiscal year ended April 30, 2016 for the City of Chillicothe. The Management Discussion and Analysis is to be read in conjunction with the basis financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at April 30, 2016 by \$14.2 million. Net position from governmental activities totaled \$11.9 million. Of this amount, \$3.8 million is unrestricted and may be used to finance future programs and projects and to meet future obligations to creditors.
- The unrestricted net position of the business-type activities are \$502,700 and may be used in future operations and to finance future capital projects of the waterworks and sewerage systems.
- Total net position increased \$708,300 in the fiscal year ended April 30, 2016. Net position of the governmental activities increased \$636,100, due primarily to decreased spending in the Tax Increment Financing Districts. Net position of the business-type activities increased \$72,200.
- Total revenues of the governmental activities increased \$180,100 or 5.01%, while total expenses increased \$209,200 or 7.15%.
- As of April 30, 2016, the governmental funds reported a combined ending fund balance of \$7.1 million, an increase of \$473,000 over the prior year. Of the ending fund balance, \$3.12 million is restricted by state statute for specific purposes. The remaining \$3.98 million is unreserved and available to finance future activities.
- The General Fund reported a fund balance of \$3.98 million, an increase of \$395,100 over the prior year. This entire amount is unrestricted and available for discretionary spending.
- On April 1, 2006, the City issued \$2 million in revenue bonds for the purpose of constructing a new water tower and to finance other improvements to the water system. Construction of the tower and other related upgrades have been completed.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. These basic statements consist of (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information intended to enhance the reader's understanding of the City's financial position and results of operations.

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

City of Chillicothe, Illinois
Management's Discussion and Analysis
(Continued)

The statement of net position presents information on all of the City'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 City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the related underlying event occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public safety, cemetery operations, city parks and buildings, streets and alleys and economic development.

The business-type activities of the City consist of the water treatment and distribution and the sewerage disposal operations which are accounted for in the combined Waterworks and Sewerage Fund. Both of these activities are collectively referred to in the financial statements as activities of the *primary government*.

As is explained in the notes to the financial statements, no other entities' activities are included in this report. No other separate entities are considered to be connected to the City to a sufficient degree to require inclusion in this report.

The government-wide financial statements can be found on pages 13 and 14 of this report.

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

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

City of Chillicothe, Illinois
Management's Discussion and Analysis
(Continued)

The City maintains twelve individual governmental funds:

- General Fund, Economic Development Fund, Road and Bridge Fund, Fire Protection Fund and Tax Increment Financing Fund are considered major funds, and the information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.
- The remaining seven governmental funds are considered nonmajor funds and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

Proprietary Fund. Proprietary (enterprise) fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its waterworks and sanitary sewer operations. These operations are accounted for by the City in a single fund.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail.

The basic proprietary fund financial statements can be found on pages 19 through 21 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 24 through 38 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Combining nonmajor funds statements referred to earlier can be found beginning on pages 45 and 46 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. Overall, the City's assets exceeded its liabilities by \$14.2 million at the end of the most recent fiscal year.

Of the total net position, \$5.61 million (40%) represents its investment in capital assets (e.g., land, buildings, infrastructure, equipment), net of depreciation. Management has elected not to capitalize infrastructure retroactively. Consequently, infrastructure assets acquired before May 1, 2004, are not reflected in this report. Another \$4.26 million (30%) represents resources that are subject to restrictions as to how they may be used, such restrictions being imposed by legal requirements other than those imposed by the City Council (e.g. state or federal law).

The remaining balance of unrestricted net position is \$4.33 million, which consists of \$3.83 million from governmental activities and \$502,700 from business-type activities. These resources are available for financing operations and providing services to the citizenry.

City of Chillicothe, Illinois
Management's Discussion and Analysis
(Continued)

City of Chillicothe's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 8,191,494	\$ 7,578,806	\$ 720,438	\$ 827,413	\$ 8,911,932	\$ 8,406,219
Capital assets	<u>4,101,212</u>	<u>4,125,829</u>	<u>2,879,186</u>	<u>2,788,160</u>	<u>6,980,398</u>	<u>6,913,989</u>
Total Assets	<u>12,292,706</u>	<u>11,704,635</u>	<u>3,599,624</u>	<u>3,615,573</u>	<u>15,892,330</u>	<u>15,320,208</u>
Long-term liabilities	353,414	420,481	1,106,574	1,202,003	1,459,988	1,622,484
Current liabilities	<u>67,053</u>	<u>47,750</u>	<u>161,112</u>	<u>153,877</u>	<u>228,165</u>	<u>201,627</u>
Total Liabilities	<u>420,467</u>	<u>468,231</u>	<u>1,267,686</u>	<u>1,355,880</u>	<u>1,688,153</u>	<u>1,824,111</u>
Net Position:						
Invested in capital assets	3,926,212	3,938,329	1,682,393	1,495,938	5,608,605	5,434,267
Restricted	4,117,930	3,920,108	146,822	131,424	4,264,752	4,051,532
Unrestricted	<u>3,828,097</u>	<u>3,377,727</u>	<u>502,723</u>	<u>632,331</u>	<u>4,330,820</u>	<u>4,010,298</u>
Total Net Position	<u>\$ 11,872,239</u>	<u>\$ 11,236,164</u>	<u>\$ 2,331,938</u>	<u>\$ 2,259,693</u>	<u>\$ 14,204,177</u>	<u>\$ 13,495,857</u>

Net position from governmental activities increased \$636,100 in fiscal year 2016 and net position from business-type activities increased \$72,200.

City of Chillicothe's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 190,496	\$ 208,277	\$ 904,620	\$ 916,722	\$ 1,095,116	\$ 1,124,999
Capital grants and donations	-	-	-	-	-	-
General Revenues:						
Property taxes	1,012,597	897,399	-	-	1,012,597	897,399
Sales taxes	1,011,347	1,055,990	-	-	1,011,347	1,055,990
Income taxes	789,678	718,254	-	-	789,678	718,254
Other taxes	518,534	486,564	-	-	518,534	486,564
Interest on investments	12,219	5,959	672	288	12,891	6,247
Other	<u>417,185</u>	<u>402,703</u>	<u>8,570</u>	<u>2,497</u>	<u>425,755</u>	<u>405,200</u>
Total Revenues	<u>3,952,056</u>	<u>3,775,146</u>	<u>913,862</u>	<u>919,507</u>	<u>4,865,918</u>	<u>4,694,653</u>
Expenses:						
General government	639,439	713,964	-	-	639,439	713,964
Public safety	1,493,551	1,402,602	-	-	1,493,551	1,402,602
Cemetery	53,178	38,323	-	-	53,178	38,323
City parks and buildings	106,711	177,056	-	-	106,711	177,056
Streets and alleys	633,670	452,976	-	-	633,670	452,976
Economic development	389,432	351,368	-	-	389,432	351,368
Debt service	-	-	52,586	56,015	52,586	56,015
Waterworks and sewerage						
Operations	-	-	789,031	799,999	789,031	799,999
Total Expenses	<u>3,315,981</u>	<u>3,136,289</u>	<u>841,617</u>	<u>856,014</u>	<u>4,157,598</u>	<u>3,992,303</u>
Change in net position	636,075	638,857	72,245	63,493	708,320	702,350
Net Position—beginning of year	<u>11,236,164</u>	<u>10,597,307</u>	<u>2,259,693</u>	<u>2,196,200</u>	<u>13,495,857</u>	<u>12,793,507</u>
Net Position—end of year	<u>\$11,872,239</u>	<u>\$11,236,164</u>	<u>\$ 2,331,938</u>	<u>\$ 2,259,693</u>	<u>\$ 14,204,177</u>	<u>\$ 13,495,857</u>

City of Chillicothe, Illinois
Management's Discussion and Analysis
(Continued)

Governmental Activities: Revenues from governmental activities increased \$177,000 (4.7%) during the current year. The most significant changes were:

- Income Tax Revenue increased \$71,400.
- Property tax revenue increased \$115,200.
- Other General Revenue increased \$14,500. This category of revenue is comprised mainly of expense reimbursements and can be expected to vary widely from year to year.

Expenses of governmental activities increased \$179,700 (5.7%). The most significant changes were:

- Public safety expenses increased \$90,900.
- Streets & alleys expenses increased \$180,700.

Business-Type Activities: Revenues decreased slightly during the year. Expenses decreased \$14,400.

Financial Analysis of the Governments Funds

As noted earlier, the City uses fund accounting as a means of ensuring and demonstrating compliance with finance related state statutes.

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

The combined fund balances of the City's governmental funds increased \$473,000 for the 2016 fiscal year, and the total balance as of April 30, 2016 was \$7.1 million. Of this amount, \$3.98 million is unrestricted and is available for spending at the City's discretion. Restricted fund balances total \$3.12 million. This restricted amount represents the amounts in the special revenue funds that must, by state and/or federal laws, be spent for specific purposes.

The increase of \$473,000 in the combined fund balances of the governmental funds was due primarily to the \$57,300 increase in the TIF Funds and the \$395,100 increase in the General Fund.

The General Fund is the primary operating fund of the City. The \$3.98 million fund balance of the General Fund is unreserved. As a measure of the General Fund's liquidity, the unreserved fund balance is equal to 206.22% of total fund expenditures for the fiscal year ended April 30, 2016.

City of Chillicothe, Illinois
Management's Discussion and Analysis
(Continued)

Proprietary Funds: The City's proprietary (enterprise) fund is made up of the combined waterworks distribution and sewage disposal operations. The measurement focus of this fund is the same as for the presentation in the government-wide financial statements, but more detail is provided in the fund statement.

The unrestricted net position of the enterprise fund decreased \$129,600. Operating Revenues decreased \$12,100 from the prior year, while expenses decreased \$14,400; however, net position invested in capital assets increased \$186,460. The current year increase in net position is about \$9,000 greater than the prior year increase.

Governmental Funds Budgetary Highlights

Although the City adopts an operating budget each year, it is their annual appropriation ordinance which sets the legal spending limits. For this reason, the budget comparisons presented in this report use appropriated expenses as the budgeted amounts. Revenue comparisons are between actual revenues and the amounts in their annual certified estimate of revenues, a document that is filed in conjunction with their annual appropriation. Neither the appropriated expenditures nor the estimated revenues were amended during the year.

Capital Assets

The City's investment in capital assets for governmental and business-type activities at April 30, 2016, was \$6.91 million (net of accumulated depreciation). Infrastructure assets constructed prior to May 1, 2004, have not been capitalized and, therefore are not included in that figure. Current year additions were \$513,000 (a decrease of \$24,600 after depreciation) in the governmental funds, and \$227,100 (an increase of \$91,000 after depreciation) in the enterprise fund.

Current year additions in the governmental funds consisted primarily of infrastructure improvements (street resurfacing, patching and crack sealing) and building improvements, in the combined amount of \$381,500.

City of Chillicothe's Capital Assets
(Net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 963,829	\$ 913,829	\$ -	\$ -	\$ 963,829	\$ 913,829
Buildings and grounds	766,036	714,627	-	-	766,036	714,627
Infrastructure	1,367,781	1,377,724	2,879,185	2,788,160	4,246,966	4,165,884
Equipment	366,316	389,510	-	-	366,316	389,510
Vehicles	<u>637,250</u>	<u>730,139</u>	-	-	<u>637,250</u>	<u>730,139</u>
Total	<u>\$4,101,212</u>	<u>\$4,125,829</u>	<u>\$ 2,879,185</u>	<u>\$ 2,788,160</u>	<u>\$ 6,980,397</u>	<u>\$ 6,913,989</u>

Additional information on capital asset activity is available in the notes to financial statements, Note 5 on pages 33 and 34 of this report.

City of Chillicothe, Illinois
Management's Discussion and Analysis
(Continued)

Capital Projects

TIF/Riverfront

During the year, the city continued improvements to sidewalks and alleys in the City's two TIF districts. Additionally, a couple of loans were made to new businesses in those districts.

Water/Sewer Department

Continued with the program to upgrade the water meters by purchasing additional radio-read meters that were installed throughout the year. It is estimated to have one more year before this upgrade is complete. The Santa Fe pump house had a significant repair made to the well during the year, and the sewer line to the Cloverdale lift station was redirected.

Road & Bridge Department

It was a steady year for sidewalk growth and replacement as the city processed ten applications for the sidewalk program. Approximately 31.3% of the money allocated was used. Approximately \$102,155 was spent to pave 0.94 miles of streets. Additionally, a new street sweeper was ordered for the City.

The City continues to monitor the drainage issues occurring. To help with drainage on Truitt, the City started a new drainage project.

A second Safe Routes to School grant was obtained for the installation of a new sidewalk by South School.

General and Miscellaneous Funds

A new shed was constructed at the police station for storage. The fence at the cemetery was replaced, and the process of replacing windows at City Hall had begun by the year end. Building repairs were also made to the police station, and the police vehicles were equipped with in-car camera systems during the year.

Request for Information

This financial discussion and analysis is intended to provide interested parties with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office Manager, City of Chillicothe, 908 N. Second Street, Chillicothe, Illinois 61523.

CITY OF CHILLICOTHE, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 6,468,845	\$ 491,121	\$ 6,959,966
Accounts receivable	-	66,849	66,849
Inventories	-	15,646	15,646
Total Current Assets	<u>6,468,845</u>	<u>573,616</u>	<u>7,042,461</u>
Noncurrent Assets:			
Other receivables:			-
Interest	-	-	-
Taxes	1,363,047	-	1,363,047
Loans	359,602	-	359,602
Due from other funds	-	-	-
Restricted assets	-	146,822	146,822
Capital assets, net			
Assets subject to depreciation	3,137,383	2,879,186	6,016,569
Assets not subject to depreciation	963,829	-	963,829
Total Noncurrent Assets	<u>5,823,861</u>	<u>3,026,008</u>	<u>8,849,869</u>
Total Assets	<u>12,292,706</u>	<u>3,599,624</u>	<u>15,892,330</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	60,103	23,620	83,723
Accrued and other liabilities	-	41,723	41,723
Due to other funds	(5,550)	5,550	-
Notes and bonds payable, current portion	12,500	90,219	102,719
Total Current Liabilities	<u>67,053</u>	<u>161,112</u>	<u>228,165</u>
Noncurrent Liabilities:			
Compensated absences	190,914	-	190,914
Notes and bonds payable, noncurrent portion	162,500	1,106,574	1,269,074
Total Noncurrent Liabilities	<u>353,414</u>	<u>1,106,574</u>	<u>1,459,988</u>
Total Liabilities	<u>420,467</u>	<u>1,267,686</u>	<u>1,688,153</u>
<u>NET POSITION</u>			
Invested in capital assets - net of related debt	3,926,212	1,682,393	5,608,605
Restricted for:			
Construction	-	146,822	146,822
Streets and Sidewalks	370,168	-	370,168
Public Safety	570,544	-	570,544
Community Development	2,788,281	-	2,788,281
Other Specific Purposes	388,937	-	388,937
Unrestricted	3,828,097	502,723	4,330,820
Total Net Position	<u>\$ 11,872,239</u>	<u>\$ 2,331,938</u>	<u>\$ 14,204,177</u>

These financial statements should be read only in connection with
the accompanying independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 639,439	\$ 31,019	\$ -	\$ -	\$ (608,420)	\$ -	\$ (608,420)
Public safety	1,493,551	87,532	-	-	(1,406,019)	-	(1,406,019)
Cemetery	53,178	50,003	-	-	(3,175)	-	(3,175)
City parks and buildings	106,711	-	-	-	(106,711)	-	(106,711)
Streets and alleys	633,670	21,942	-	-	(611,728)	-	(611,728)
Economic development	389,432	-	-	-	(389,432)	-	(389,432)
Debt Service	-	-	-	-	-	-	-
Total Governmental Activities	<u>3,315,981</u>	<u>190,496</u>	<u>-</u>	<u>-</u>	<u>(3,125,485)</u>	<u>-</u>	<u>(3,125,485)</u>
Business-Type Activities:							
Water & Sewer	<u>841,617</u>	<u>904,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,003</u>	<u>63,003</u>
Total Business-Type Activities	<u>841,617</u>	<u>904,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,003</u>	<u>63,003</u>
Total Primary Government	<u>\$ 4,157,598</u>	<u>\$ 1,095,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,125,485)</u>	<u>63,003</u>	<u>(3,062,482)</u>
General Revenues:							
Property taxes					1,012,597	-	1,012,597
Replacement tax					7,331	-	7,331
Telecommunications Taxes					220,787	-	220,787
Sales Taxes					1,011,347	-	1,011,347
Income Taxes					789,678	-	789,678
Gaming & Entertainment Taxes					134,461	-	134,461
Motor Fuel Taxes					155,955	-	155,955
Franchise fees and assessments					114,362	-	114,362
Licenses and fees					130,007	-	130,007
Interest					12,219	672	12,891
Miscellaneous					<u>172,816</u>	<u>8,570</u>	<u>181,386</u>
Total General Revenues					<u>3,761,560</u>	<u>9,242</u>	<u>3,770,802</u>
Change in Net Position					636,075	72,245	708,320
Net Position - Beginning of Year					<u>11,236,164</u>	<u>2,259,693</u>	<u>13,495,857</u>
Net Position - End of Year					<u>\$ 11,872,239</u>	<u>\$ 2,331,938</u>	<u>\$ 14,204,177</u>

These financial statements should be read only in connection with the accompanying independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2016

	<u>Major Special Revenue Funds</u>					Nonmajor Special Revenue Funds	Total Governmental Funds
	<u>General</u>	<u>Economic Development</u>	<u>Road and Bridge</u>	<u>Fire Protection</u>	<u>TIF Fund</u>		
<u>ASSETS</u>							
Cash and investments	\$ 3,693,540	\$ 636,804	\$ 174,333	\$ 220,296	\$ 1,219,291	\$ 524,581	\$ 6,468,845
Due from (to) other funds	5,550	-	-	-	-	-	5,550
Other receivables:							
Taxes	367,171	-	67,200	49,200	557,000	322,476	1,363,047
Loans	-	257,321	-	-	102,281	-	359,602
	<u>4,066,261</u>	<u>894,125</u>	<u>241,533</u>	<u>269,496</u>	<u>1,878,572</u>	<u>847,057</u>	<u>8,197,044</u>
<u>LIABILITIES</u>							
Accounts payable	47,250	-	11,652	-	-	1,201	60,103
Accrued and other liabilities	-	-	-	-	-	-	-
Deferred revenues	36,200	-	67,200	49,200	557,000	308,600	1,018,200
	<u>83,450</u>	<u>-</u>	<u>78,852</u>	<u>49,200</u>	<u>557,000</u>	<u>309,801</u>	<u>1,078,303</u>
<u>FUND BALANCES</u>							
Unreserved, reported in:							
General Fund:							
Undesignated	3,982,811	-	-	-	-	-	3,982,811
Special Revenue Funds:							
Undesignated	-	894,125	162,681	220,296	1,321,572	537,256	3,135,930
	<u>3,982,811</u>	<u>894,125</u>	<u>162,681</u>	<u>220,296</u>	<u>1,321,572</u>	<u>537,256</u>	<u>7,118,741</u>
Total Liabilities and Fund Balances	<u>\$ 4,066,261</u>	<u>\$ 894,125</u>	<u>\$ 241,533</u>	<u>\$ 269,496</u>	<u>\$ 1,878,572</u>	<u>\$ 847,057</u>	<u>\$ 8,197,044</u>

These financial statements should be read only in connection with
the accompanying independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
RECONCILIATION OF FUND BALANCES TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

Total Fund Balances for Governmental Funds \$ 7,118,741

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

Revenues are recorded in the statement of activities when earned. These amounts are not recorded as revenues in the funds unless they will be received within thirty days after year-end. 1,018,200

Loan proceeds reflected as prior year revenue in fund are carried as a liability in the Statement of Net Position. (187,500)

Loan principal payments reflected as expenditures in fund are recognized as a reduction of the liability in the Statement of Net Position. 12,500

Capital assets used in governmental activities are not financial resources, and are not reported in the funds 4,101,212

Compensated absences are reported as a long-term liability of the governmental activities on the Statement of Net Position. Because the short-term portion is not determinable, this liability is not included on the balance sheet of the governmental funds. (190,914)

Net Position of Governmental Activities \$ 11,872,239

These financial statements should be read only in connection with the accompanying independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

	Major Special Revenue Funds					Nonmajor Special Revenue Funds	Total Governmental Funds
	General	Economic Development	Road and Bridge	Fire Protection	TIF Fund		
Revenues							
Property taxes	\$ 35,595	\$ -	\$ 66,154	\$ 49,058	\$ 451,288	\$ 290,102	\$ 892,197
Replacement tax	650	-	491	894	-	5,296	7,331
Telecommunications tax	-	-	220,787	-	-	-	220,787
Sales Taxes	991,836	-	-	-	-	19,511	1,011,347
Income Taxes	789,678	-	-	-	-	-	789,678
Gaming & Entertainment Taxes	134,461	-	-	-	-	-	134,461
Motor Fuel Tax	-	-	-	-	-	155,955	155,955
Franchise fee	114,362	-	-	-	-	-	114,362
Grant Revenue	-	-	-	-	-	-	-
Fees & assessments	149,795	-	21,942	7,473	-	91,290	270,500
Cemetery income	50,003	-	-	-	-	-	50,003
Interest	4,152	4,942	163	119	2,258	585	12,219
Miscellaneous	104,661	-	57,211	390	2,301	8,254	172,817
Total Revenues	<u>2,375,193</u>	<u>4,942</u>	<u>366,748</u>	<u>57,934</u>	<u>455,847</u>	<u>570,993</u>	<u>3,831,657</u>
Expenditures							
Current:							
General government	361,843	68	76,208	436	14,503	238,902	691,960
Streets, alleys & sidewalks	-	-	381,097	-	41,723	170,661	593,481
Public safety	1,263,069	-	-	5,290	-	30,054	1,298,413
Cemetery	44,441	-	-	-	-	-	44,441
City parks & buildings	150,428	-	-	-	-	-	150,428
Economic development	74,681	-	-	-	342,244	21,326	438,251
Debt Service	-	-	-	12,500	-	-	12,500
Capital outlay	35,668	-	-	-	-	93,530	129,198
Total Expenditures	<u>1,930,130</u>	<u>68</u>	<u>457,305</u>	<u>18,226</u>	<u>398,470</u>	<u>554,473</u>	<u>3,358,672</u>
Other Financing Sources (Uses):							
Operating Transfers In (Out)	(50,000)	-	50,000	-	-	-	-
Principal Payments - Long-Term Debt	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	395,063	4,874	(40,557)	39,708	57,377	16,520	472,985
Fund Balances - Beginning of Year	<u>3,587,748</u>	<u>889,251</u>	<u>203,238</u>	<u>180,588</u>	<u>1,264,195</u>	<u>520,736</u>	<u>6,645,756</u>
Fund Balances - End of Year	<u>\$ 3,982,811</u>	<u>\$ 894,125</u>	<u>\$ 162,681</u>	<u>\$ 220,296</u>	<u>\$ 1,321,572</u>	<u>\$ 537,256</u>	<u>\$ 7,118,741</u>

These financial statements should be read only in connection with
the accompanying independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
 RECONCILIATION OF THE STATEMENT OF REVENUE,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 472,985

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

Revenues are recorded in the statement of activities when earned. These amounts are not recorded as revenues in the funds unless they will be received within thirty days after year-end. 120,400

Loan principal payments reflected as expenditures in fund are recognized as a reduction of the liability in the Statement of Net Position. 12,500

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay incurred in the current year	562,991
Depreciation	(587,608)

Decreases in compensated absences are accounted for in the Statement of Activities as a decrease to the liability account rather than as a current expenditure. 54,807

Change in Net Position of Governmental Activities \$ 636,075

These financial statements should be read only in connection with the accompanying independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUND
April 30, 2016

	<u>Waterworks & Sewerage Fund</u>	<u>Total</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 637,943	\$ 637,943
Accounts Receivable	66,849	66,849
Accrued Interest Receivable	-	-
Inventories	<u>15,646</u>	<u>15,646</u>
Total Current Assets	<u>720,438</u>	<u>720,438</u>
 Noncurrent Assets:		
Capital Assets	<u>2,879,186</u>	<u>2,879,186</u>
Total Noncurrent Assets	<u>2,879,186</u>	<u>2,879,186</u>
 Total Assets		
	<u>3,599,624</u>	<u>3,599,624</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	23,620	23,620
Customer Deposits and Prepayments	41,723	41,723
Due to other funds	<u>5,550</u>	<u>5,550</u>
Total Current Liabilities	<u>70,893</u>	<u>70,893</u>
 Noncurrent Liabilities:		
Debt Certificates, Series 2006	<u>1,196,793</u>	<u>1,196,793</u>
Total Noncurrent Liabilities	<u>1,196,793</u>	<u>1,196,793</u>
 Total Liabilities		
	<u>1,267,686</u>	<u>1,267,686</u>
<u>NET POSITION</u>		
Investment in capital assets - Net of Related Debt	1,682,393	1,682,393
Restricted for Construction	-	-
Unrestricted	<u>649,545</u>	<u>649,545</u>
Total Net Position	<u>\$ 2,331,938</u>	<u>\$ 2,331,938</u>

These financial statements should be read only in connection with the independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For The Year Ended April 30, 2016

	<u>Waterworks & Sewerage Fund</u>	<u>Total</u>
Operating Revenue		
User charges and fees	\$ 877,149	\$ 877,149
Administration fee	27,471	27,471
Miscellaneous	<u>8,570</u>	<u>8,570</u>
Total Operating Revenue	<u>913,190</u>	<u>913,190</u>
Operating Expenses		
Salaries and wages	293,049	293,049
Employee benefits	96,832	96,832
Contractual services	26,258	26,258
Systems expense:		
Engineering	1,521	1,521
Equipment rental	8,290	8,290
Supplies and materials	44,144	44,144
Maintenance and repairs	71,517	71,517
Utilities	58,293	58,293
Vehicle Expense	5,776	5,776
General and administrative	47,290	47,290
Depreciation	<u>136,061</u>	<u>136,061</u>
Total Operating Expenses	<u>789,031</u>	<u>789,031</u>
Operating Income (Loss)	124,159	124,159
Nonoperating Revenues (Expenses)		
Interest Income	672	672
Bond Interest Expense	<u>(52,586)</u>	<u>(52,586)</u>
Total Nonoperating Revenues (Expenses)	<u>(51,914)</u>	<u>(51,914)</u>
Change in Net Position	72,245	72,245
Net Position - Beginning of Year	<u>2,259,693</u>	<u>2,259,693</u>
Net Position - End of Year	<u>\$ 2,331,938</u>	<u>\$ 2,331,938</u>

These financial statements should be read only in connection with the independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For The Year Ended April 30, 2016

	<u>Waterworks & Sewerage Fund</u>	<u>Total</u>
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 888,752	\$ 888,752
Cash from miscellaneous operating sources	36,041	36,041
Payments to suppliers	(239,274)	(239,274)
Payments to employees	(293,049)	(293,049)
Payments for employee benefits	<u>(114,657)</u>	<u>(114,657)</u>
Net Cash Provided by Operating Activities	<u>277,813</u>	<u>277,813</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Water system upgrades	(227,086)	(227,086)
Proceeds from interfund borrowing	-	-
Purchase of equipment and system extensions	<u>-</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>(227,086)</u>	<u>(227,086)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest on Investments	672	672
Payment of Bond Principal and Interest	<u>(148,336)</u>	<u>(148,336)</u>
Net Cash Provided by Investing Activities	<u>(147,664)</u>	<u>(147,664)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(96,937)	(96,937)
Cash and Cash Equivalents - Beginning of Year	<u>734,880</u>	<u>734,880</u>
Cash and Cash Equivalents - End of Year	<u>\$ 637,943</u>	<u>\$ 637,943</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>		
Operating Income (Loss)	\$ 124,159	\$ 124,159
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	136,061	136,061
Changes in assets and liabilities:		
Accounts Receivable (increase) decrease	10,039	10,039
Accounts Payable increase (decrease)	<u>7,554</u>	<u>7,554</u>
Net Cash Provided by Operating Activities	<u>\$ 277,813</u>	<u>\$ 277,813</u>

These financial statements should be read only in connection with the independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
April 30, 2016

	<u>Police Pension Fund</u>	<u>Sanitary District Trust Fund</u>
<u>ASSETS</u>		
Cash and Investments	\$ 2,879,305	\$ -
Property Taxes Receivable	209,700	-
Accounts Receivable	-	-
Accrued Interest Receivable	2,517	-
Due from Other Funds	<u>-</u>	<u>-</u>
Total Assets	<u>3,091,522</u>	<u>-</u>
<u>LIABILITIES</u>		
Accounts Payable	<u>-</u>	
Total Liabilities	<u>-</u>	<u>\$ -</u>
<u>NET ASSETS</u>		
Held in trust for pension benefits	<u>\$ 3,091,522</u>	
Held in trust for Sanitary District		<u>\$ -</u>

These financial statements should be read only in connection with the
independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended April 30, 2016

	<u>Police Pension Fund</u>
Additions	
Employer Contributions:	
Property Taxes	\$ 209,243
Replacement Tax	3,642
Total Employer Contributions	<u>212,885</u>
Employee Contributions	51,205
Interest Income	27,411
Miscellaneous	<u>-</u>
Total Additions	<u>291,501</u>
Deductions	
Benefit Payments	224,513
General and Administrative	<u>1,181</u>
Total Deductions	<u>225,694</u>
Change in Net Position	65,807
Net Position - Beginning of Year	<u>3,025,715</u>
Net Position - End of Year	<u>\$ 3,091,522</u>

These financial statements should be read only in connection with the independent auditor's report and notes to financial statements

CITY OF CHILLICOTHE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

Note 1: Summary of Significant Accounting Policies

The City of Chillicothe, Illinois is operated under a Mayor-Council form of government.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. For the City's enterprise fund, GASB Statements Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The following represents the more significant accounting and reporting policies and practices used in the preparation of these financial statements.

A. The Reporting Entity

In accordance with Governmental Accounting Standards Board pronouncement 14, The Financial Reporting Entity, the City includes all funds, account groups, agencies, boards, commissions and authorities that are controlled by, or dependent on, the Mayor and City Council. The criteria used to determine such control or dependency include:

- a. Selection of the governing authority
- b. Accountability of management to the Mayor and City Council
- c. Influence of the Mayor and City Council upon agency operations
- d. Budgetary authority
- e. Responsibility for funding deficits or ability to control the use of surplus funds
- f. Fiscal management, including control over the collection and disbursement of funds and asset ownership
- g. Power to levy taxes independent of City government
- h. Geographical area benefiting from agency activities.

Based on the above criteria, the financial statements of the Police Pension Fund are included in the accompanying financial statement. The annual funding of police pensions is provided by taxes levied by the City Council. The four-person Board of Directors is comprised of two civilians appointed by the Mayor and two policemen on active duty who are elected by their peers. The operations of the fund are reported in the Police Pension Fund, a Fiduciary Fund.

B. Fund Accounting

The accounts of the City are organized on the basis of fund and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements of this report, into four generic fund types and three broad fund categories as follows:

CITY OF CHILLICOTHE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued):

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than general long-term debt) that are legally restricted to expenditures for specific purposes.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost of providing water and sewer services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUNDS

The City acts in a fiduciary capacity over two major activities.

Police Pension Fund:

Police officers employed by the City receive pension coverage under State Statute commonly referred to as the "Illinois Pension Code." The pensions are funded partly by employee contributions and partly by City contributions. Employee contributions are a fixed percentage of gross earnings, and the City contribution is actuarially determined. Assets are managed by a board consisting of three appointed civilians, one of whom is the City Treasurer, two elected active police officers and one retired police officer. Pension fund assets are separated from City assets, and invested in the name of the Police Pension Fund. Investments are managed by the pension fund board in accordance with the limitations imposed by State Statute.

Sanitary District Trust Fund:

A portion of the City's sewerage system is under the control of a separate sanitary district. The City has contracted with the district to carry out the billing and collection of monthly user fees. The amounts collected each month are paid over to the sanitary district by the middle of the following month. An agreed-upon fee is retained by the City.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary

CITY OF CHILLICOTHE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued):

C. Government-wide and Fund Financial Statements (continued)

activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

CITY OF CHILLICOTHE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued):

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

Property taxes, state-shared revenue, licenses 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the City.

The government reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Tax Increment Financing (TIF) Fund is a Special Revenue Fund. It accounts for all taxes received, as well as payments received on loans made to businesses within the City's two TIF districts and monies disbursed for community promotion and development.

The Road and Bridge Fund is a Special Revenue Fund. It accounts for all taxes received and monies disbursed for street maintenance and repairs

The Economic Development Fund is a Special Revenue Fund. It accounts for all payments received on the City's HELP loans and monies expended for the purpose of civic activities and community promotion.

The Fire Protection Fund is a Special Revenue Fund. It accounts for all taxes received and monies expended for the purpose of fire protection.

The government reports the following major proprietary fund:

The Waterworks and Sewerage Fund, in which user charges to customers based on water consumption comprise substantially all fund revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the City's waterworks and sewerage function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenue of the City's proprietary fund relates to charges to customers for sales and services. The waterworks and sewerage fund also recognizes the collection of tap fees intended to recover current costs as operating revenue. The portion intended

CITY OF CHILLICOTHE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued):

to recover the cost of infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

E. Budgetary Policies

In accordance with State Statutes, the City adopts an annual appropriation ordinance for each fiscal year ending April 30. This ordinance sets the legal spending limits for the City for the fiscal year to which the ordinance applies. However, at any time during the second half of the fiscal year, the Council, by a two-thirds vote, can make transfers within any department or other separate agency, of amounts appropriated for one corporate purpose to another corporate purpose. Such transfers cannot reduce an appropriation below an amount sufficient to cover all obligations against that appropriation.

State Statutes also provide for the passage of a supplemental appropriation ordinance in the event that additional revenue becomes available to the City. The supplemental appropriation can only be based on revenue that was not available for appropriation when the annual appropriation ordinance was adopted. The budgetary data present in the combined statement of Revenues and Expenditures - Budget/Appropriations and Actual are adopted on a basis consistent with generally accepted accounting principles.

Appropriations for a particular year lapse at the end of the fiscal year. However, a municipality may, by referendum, accumulate a surplus from the tax levy for general corporate purposes for a specified building project.

Expenditures are controlled at the fund level.

F. Fixed Assets and Long-Term Liabilities

Capital Assets

The methods of accounting for and reporting capital assets (vehicles, real property and equipment) depends on whether the assets are used in governmental fund or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Assets. All capital assets are presented at historical cost.

In the governmental funds, infrastructure assets (roads, bridges, storm sewers, dry wells, etc) were not capitalized prior to May 1, 2004.

CITY OF CHILLICOTHE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued):

F. Fixed Assets and Long-Term Liabilities (continued)

Capital Assets (continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities. Accumulated depreciation is netted against the cost of the capital assets and the net amount is presented in the Statement of Net Assets. Depreciation is calculated over the estimated useful life of capital assets using the straight-line method.

Various capitalization thresholds are used to determine whether a newly-acquired asset will be capitalized and depreciated or expensed in the year acquired.

These thresholds are:

Buildings and improvements	\$ 5,000
Machinery, furniture and equipment	1,000
Infrastructure	10,000
Utility system improvements	10,000
Vehicles	5,000

The range of estimated useful lives by type of assets is:

Buildings	40 to 50 years
Machinery, furniture and equipment	3 to 10 years
Infrastructure	5 to 20 years
Utility system improvements	10 to 40 years
Vehicles	5 to 10 years

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are reported as capital outlay expenditures in the year of acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements

Long-Term Debt

All long-term debt for both the governmental and proprietary funds are reported as liabilities in the government-wide statements. The City's long-term debt consists of installment contracts in the governmental funds and debt certificates in the proprietary fund.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and the payment of principal is reported as other financing uses. For the proprietary fund, long-term debt activity is accounted for the same in the fund financial statements as in the government-wide statements.

CITY OF CHILLICOTHE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued):

G. Cash and Investments

Cash and cash equivalents reflected on the Statement of Net Assets consist of cash on hand, demand deposits and cash invested through the Illinois Funds. For the purpose of the proprietary funds "Statement of Cash Flows", cash and cash equivalents consist of cash on hand, demand deposits, Illinois Funds and certificates of deposit with a maturity of one year or less.

Investments are stated at cost which equals fair market value. The City currently has no traded securities. City policy requires that such investments, when present, be valued at the last reported sales price. The Illinois Funds is an external investment pool regulated by state statutes. Participant's shares are valued by the pool on a fair value basis.

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City policy is to require that all bank deposits not insured by the Federal Deposit Insurance Corporation (FDIC) must be collateralized by the pledging of bank-owned securities. These securities must be pledged in the City's name and held by an agent of the pledging institution.

At year end, investment in Illinois Funds are rated AAAM by Standard & Poor's.

At April 30, 2016, the carrying amount of the City's deposits (checking accounts) was \$673,002 and the bank balance was \$713,539. In addition, the Police Pension Fund had deposits totaling \$24,713, and the bank balance was \$24,713. Of the bank balances, all was covered by FDIC insurance.

Investments

State statutes allow municipalities to invest in certificates of deposit, passbooks and money market accounts so long as these investments are insured by federal depository insurance or by pledging of the bank's own securities. Also, the City can invest in direct debt securities of the United States Government. The Police Pension Fund and Employee Deferred Compensation Plan are also authorized to invest in bonds of the State of Illinois or of any county, township or municipal corporation of the State of Illinois. The City can also invest in "Illinois Funds", a public investment pool managed by the State Treasurer's office.

Of the \$6,431,939 carried as investments and restricted assets of the primary government, \$6,176,891 was invested in Illinois Funds, \$100,000 in certificates of deposit, and \$155,048 in money market accounts. In addition, the Police Pension Fund had investments totaling \$2,854,591 which was comprised of certificates of deposit totaling \$2,740,496 and money market deposits of \$114,095.

CITY OF CHILLICOTHE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
April 30, 2016
 (Continued)

Note 1: Summary of Significant Accounting Policies (Continued):

G. Cash and Investments (Continued):

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Cash and Investments:			
Checking Accts	\$ 629,450	\$ 43,552	\$ 673,002
Money Market Accts	-	155,048	155,048
Certificates of Deposit	100,000	-	100,000
Illinois Funds	<u>5,737,649</u>	<u>292,421</u>	<u>6,030,070</u>
Totals	<u>6,467,099</u>	<u>491,021</u>	<u>6,958,120</u>
Restricted Assets:			
Checking Accts	-	-	-
Illinois Funds	-	<u>146,822</u>	<u>146,822</u>
Totals	-	<u>146,822</u>	<u>146,822</u>
City Totals	<u>\$ 6,467,099</u>	<u>\$ 637,843</u>	<u>\$ 7,104,942</u>

H. Accounts Receivable - Utility Customers

Utility customers are billed monthly for usage through the previous month. Accounts receivable at April 30 consist of amounts that have been billed but remain uncollected at year end and an estimated amount for unbilled usage for the month of April.

The City uses the direct write-off method of recognizing bad debt losses. No allowance for doubtful accounts has been provided since the amount of such an allowance would not be significant.

I. Real Estate Taxes

State statutes require that the City file its tax levy by the second Tuesday in December. The levy is filed with the County Clerk who then extends these taxes (or that portion legally allowed) as a lien against real property located in the taxing district. The lien date is January 1.

Taxes extended for a given year are due in equal installments, generally on the first day of June and September of the following year. The due date of the first installment for 2015 taxes for Peoria County residents is June 7, 2016. The latest dates for payment without penalty are June 7 and September 7.

Once collected, the County Treasurer is required by statute to distribute tax collections to the individual taxing bodies within thirty days of the date collected. The first distribution from the County to local taxing bodies is scheduled to be on or before July 7, 2016.

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2016
 (Continued)

Note 1: Summary of Significant Accounting Policies (Continued):

I. Real Estate Taxes (Continued):

Taxes extended during the current year will not be received soon enough to pay liabilities of the current period. Therefore, these amounts are recorded as taxes receivable and as deferred revenue at year-end. The revenue will be recognized in the period in which they become both measurable and available.

Note 2: Taxes Receivable and Deferred Revenue

Tax revenues are recorded as receivable at year end if the amounts are measurable, even though collection will not occur until the subsequent period. Amounts that are measurable but will not be collected soon enough to pay current expenses are recorded as deferred revenue. These amounts will be reported as revenue when measurable and available.

Note 3: Receivables and Payables

Receivables as of year-end for the City's individual major and nonmajor funds are as follows:

	General Fund	Waterworks & Sewerage	Major Funds	Non-major Funds	Total
Receivables:					
Taxes	\$ 367,171	\$ -0-	\$ 673,400	\$ 322,476	\$ 1,363,047
Accounts	-0-	66,849	-0-	-0-	66,849
Loans	<u>-0-</u>	<u>-0-</u>	<u>359,602</u>	<u>-0-</u>	<u>359,602</u>
Net Receivables	<u>\$ 367,171</u>	<u>\$ 66,849</u>	<u>\$1,033,002</u>	<u>\$ 322,476</u>	<u>\$ 1,789,498</u>

Note 4: Revolving Loans Receivable

In past years, the City has received several Community Development Block Grants for the purpose of making low-interest loans to area businesses. As a condition of these grants, the City was allowed to retain all or part of the loan repayments. These recaptured funds are deposited into a revolving loan fund to be used for future loans with conditions similar to those contained in the original grant document. At the end of the period under audit, outstanding loans totaled \$257,321. Interest rates vary from 0.25% to 5.75% with repayment terms of three to ten years. Of the \$257,321 due from Economic Development loan recipients, \$221,888 is expected to be received more than one year from the end of the current fiscal year.

During the year ended April 30, 1988, the City issued \$1.875 million in Tax Increment Area General Obligation Bonds. The proceeds from this bond issue have been used to develop and improve properties in the area designated as the Tax Increment Financing District. One of the methods for accomplishing this purpose was to establish a low-interest revolving loan fund. Two such loans totaling \$108,000 were extended to businesses in the district. Both loans have been repaid.

On August 13, 2012, the City loaned \$120,000 from the TIF Revolving Loan Fund to a local organization for the purpose of making technological improvements to the movie theater owned by the organization. The loan bears interest at 2% and is repayable in five annual installments of \$25,459.

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 5: Capital Assets

Capital asset activity of the City's business-type activity was as follows:

	Balance <u>April 30, 2015</u>	<u>Additions</u>	Disposals and <u>Adjustments</u>	Balance <u>April 30, 2016</u>
Business-Type Activity:				
Capital assets being depreciated:				
Construction in Process	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Water System	4,797,081	215,088	-0-	5,012,169
Water Meters	388,382	11,998	-0-	400,380
Operating Equipment	160,395	-0-	-0-	160,395
Vehicles	223,313	-0-	-0-	223,313
Office Equipment	<u>20,226</u>	<u>-0-</u>	<u>-0-</u>	<u>20,226</u>
Subtotal	<u>5,589,397</u>	<u>227,086</u>	<u>-0-</u>	<u>5,816,483</u>
Accumulated depreciation:				
Construction in Process	-0-	-0-	-0-	-0-
Water System	2,345,821	87,049	-0-	2,432,870
Water Meters	140,394	37,154	-0-	177,548
Operating Equipment	152,855	1,687	-0-	154,542
Vehicles	141,941	10,171	-0-	152,112
Office Equipment	<u>20,226</u>	<u>-0-</u>	<u>-0-</u>	<u>20,226</u>
Subtotal	<u>2,801,237</u>	<u>136,061</u>	<u>-0-</u>	<u>2,937,298</u>
Net Capital Assets being Depreciated	<u>2,788,160</u>	<u>91,025</u>	<u>-0-</u>	<u>2,879,185</u>
Net Capital Assets	<u>\$ 2,788,160</u>	<u>\$ 91,025</u>	<u>\$ -0-</u>	<u>\$ 2,879,185</u>

Depreciation expense for the City's business-type activity was \$136,061 for the year ended April 30, 2016.

Capital asset activity of the City's governmental activities was as follows:

	Balance <u>April 30, 2015</u>	<u>Additions</u>	Disposals and <u>Adjustments</u>	Balance <u>April 30, 2016</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 913,829	\$ 50,000	\$ -0-	\$ 963,829
Capital assets being depreciated:				
Buildings	62,626	-0-	-0-	62,626
Building Improvements	185,582	93,471	-0-	279,053
Park Improvements	810,693	-0-	-0-	810,693
Equipment	1,024,722	81,664	-0-	1,106,386
Vehicles	1,921,045	49,827	-0-	1,970,872
Infrastructure	<u>3,174,705</u>	<u>288,029</u>	<u>-0-</u>	<u>3,462,734</u>
Subtotal	<u>7,179,373</u>	<u>512,991</u>	<u>-0-</u>	<u>7,692,364</u>
Accumulated depreciation:				
Buildings	17,541	1,253	-0-	18,794
Building Improvements	74,796	10,028	-0-	84,824
Park Improvements	251,937	30,781	-0-	282,718
Equipment	635,212	104,858	-0-	740,070
Vehicles	1,190,906	142,716	-0-	1,333,622
Infrastructure	<u>1,796,981</u>	<u>297,972</u>	<u>-0-</u>	<u>2,094,953</u>
Subtotal	<u>3,967,373</u>	<u>587,608</u>	<u>-0-</u>	<u>4,554,981</u>
Net Capital Assets being Depreciated	<u>3,212,000</u>	<u>(74,617)</u>	<u>-0-</u>	<u>3,137,383</u>
Net Capital Assets	<u>\$ 4,125,829</u>	<u>\$ (24,617)</u>	<u>\$ -0-</u>	<u>\$ 4,101,212</u>

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2016
 (Continued)

Note 5: Capital Assets (continued)

Depreciation expense totaling \$587,608 was charged to governmental activities as follows:

General Government	\$ 2,287
Public Safety	197,431
Cemetery	8,737
City Parks and Buildings	49,754
Streets and Alleys	328,218
Economic Development	<u>1,181</u>
Subtotal	<u>\$ 587,608</u>

Note 6: Debt Certificates Payable

On April 1, 2006, the City entered into an installment contract and issued Debt Certificates totaling \$2,000,000. The proceeds were used for the construction of a new water tower and improvements to the City's water system.

This debt is a general obligation of the City. Repayment, however, will be made from revenues generated by the Waterworks and Sewerage Fund. A monthly assessment of \$5 per water customer has been instituted for the purpose of providing funds for repayment.

The contract calls for twenty annual payments of \$148,470 beginning April 1, 2007. The final payment is due April 1, 2026. The certificates bear interest at 4.1% per annum. Following is the schedule of remaining bond principal and interest maturities:

SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES

Years Ending <u>April 30</u>	Principal Balance, <u>Beginning</u>	Interest <u>Due 4/1</u>	Principal <u>Due 4/1</u>	Principal Balance, <u>Ending</u>
2016				\$ 1,196,793
2017	\$ 1,196,793	\$ 50,578	\$ 97,892	1,098,901
2018	1,098,901	45,055	103,415	995,486
2019	995,486	40,815	107,655	887,831
2020	887,831	36,401	112,069	775,762
2021	775,762	31,807	116,663	659,099
2022	659,099	27,023	121,447	537,652
2023	537,652	22,043	126,427	411,225
2024	411,225	16,861	131,609	279,616
2025	279,616	11,464	137,006	142,610
2026	142,610	<u>5,860</u>	<u>142,610</u>	-0-
Totals		<u>\$ 287,907</u>	<u>\$ 1,196,793</u>	

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2016
 (Continued)

Note 6: Debt Certificates Payable (Continued)

Current year activity relating to the Debt Certificates was as follows:

<u>Fund Debt Retired By</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Waterworks Fund	\$ 1,292,222	- 0 -	\$ 95,429	\$ 1,196,793

Note 7: Installment Loan Payable

On July 7, 2009, the City received a \$250,000, no-interest loan through the State of Illinois' Fire Truck Revolving Loan Program. Proceeds from the loan were used for the down payment on a new aerial ladder truck. The loan is to be repaid over 20 years at \$12,500 per year beginning November 1, 2010, and each November 1st thereafter, through November 1, 2029.

Current year activity relating to the Installment Loan was as follows:

<u>Fund Debt Retired By</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Fire Protection Fund	\$ 187,500	- 0 -	\$ 12,500	\$ 175,000

Note 8: Interfund Transfers

The City had no interfund transfers for the year ended April 30, 2016.

Note 9: Restricted Assets

Amounts carried as restricted assets are those amounts for which use is restricted by ordinance or contract. These amounts consist of deferred compensation and police pension fund assets.

Note 10: Deferred Compensation Plan

City employees with at least one year seniority are eligible to participate in a deferred compensation plan. The City is committed to a contribution of 3% of the employees' gross wages, while the employee may contribute amounts generally not to exceed one-third of gross wages.

Amounts contributed to the plan are being used to purchase annuities for participating employees. The annuity program is being administered by Massachusetts Mutual Life Insurance Company. Investments in annuity contracts are carried at cost.

Employer contributions are immediately vested. The City's contributions to the plan for the years ended April 30, 2016 and 2015 were \$34,593 and \$39,249 respectively.

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 11: Pension Plan

The City of Chillicothe established a Police Pension Fund on March 23, 1971. The plan is operated under Article 3 of the Illinois Pension Code.

The Plan is a defined benefit plan. The Illinois Revised Statutes, Chapter 108 1/2, paragraph 3-111, defines the benefit as follows:

An officer who is age 50 or more with 20 or more years of creditable service and who is no longer a police officer, shall receive 50% of the salary attached to the rank held for one year immediately prior to retirement. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years to a maximum 75% of the base salary.

A police officer mandatorially retired due to age who has at least 8 but less than 20 years of service, shall receive a pension equal to 2.5% of the base salary for each year of creditable service.

A police officer who returns or is separated from service, having at least 8 but less than 20 years of creditable service, who is not mandatorially retired due to age, and who does not apply for a refund of contributions at his last separation from service, shall receive a pension upon attaining age 60. The pension amount will be equal to 2.5% of the base salary for each year of creditable service.

An annual increase equal to 3% of the original pension is granted each January following retirement.

The Illinois Pension Code also provides for pension payments to survivors and for pensions to disabled police officers.

The contribution rate for police officers is 9.9% of gross salary. The City of Chillicothe is obligated to contribute annually the amount necessary to arrive at the annual requirements as contemplated by Section 3-125 of the Illinois Pension Code. The annual requirements are to be provided by tax levy and equal to:

- (1) The normal cost of the pension fund for the year plus,
- (2) The amount necessary to amortize the fund's unfunded accrued liabilities so that all unfunded liabilities are eliminated by January 2, 2033.

The City is notified of its annual requirement by letter from the Illinois Department of Insurance. The annual requirement is determined by actuarial computations based on information obtained at the end of the preceding year. The annual requirement for the City is computed as the total requirement less anticipated interest income and contributions from participants.

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2016
 (Continued)

Note 11: Pension Plan (Continued):

The annual required contribution and related actuarial information for the current year is as follows:

Annual Pension Cost	\$ 224,513
Contribution Made	264,090
Actuarial Valuation Date	5/1/2014
Actuarial Cost Method	Entry Age/Normal Cost
Amortization Method	Level % of Payroll Closed Basis
Remaining Amortization	25 years
Interest Rate Assumption	6.00%
Salary Progression Assumption	4.5%
Unfunded Accrued Liability	\$ 1,637,422

Employee contributions for the year were \$51,205.

Note 12: Accumulated Compensated Absences

The City permits employees to accumulate vacation, sick and personal days. Unused amounts are to be paid to the employees upon separation from service. In the employing funds (Governmental and Enterprise Funds), the expense for these compensated absences is recognized when the payments are actually made.

A liability for accumulated compensated absences in the amount of \$190,914 is carried in the Government-Wide Statement of Net Assets as non-current, because the short-term portion, if any, cannot be accurately determined.

Note 13: Property Redevelopment and Tax Increment Financing

The City has designated two separate but contingent areas of the City for redevelopment through Tax Increment Financing. Under Tax Increment financing, the equalized assessed valuation of the district is frozen when the district is established

All taxes derived from any increase in equalized assessed valuations after that date are to be applied to the payment of the related development and financing costs. In addition, on November 26, 1986, the City Council passed Ordinance 988, authorizing the use of sales tax increment allocation financing for the district. As such, incremental sales tax revenue generated within the district has also been used to carry out the redevelopment. The redevelopment will be accomplished by such means as low-interest loans to businesses locating or expanding in the district, direct grants to businesses or developers, infrastructure improvements paid for by the City, and such other legal means as may be determined by the Council to be in the best interest of the City in accomplishing its redevelopment plan.

Note 14: Deficit Fund Balances

At April 30, 2016, none of the City funds had a deficit fund balance.

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2016
(Continued)

Note 15: Budgetary Compliance

During the years ended April 30, 2016 and 2015, none of the City funds overspent its appropriation.

Note 16: Commitments and Contingencies

In November, 2005, the City entered into an agreement with the owners of a local restaurant located within the City's Tax Increment Financing District. Under the agreement, the City agreed to pay \$300,000 towards the acquisition of the site to be used to construct a new facility. In return, the owners guaranteed the City that sales tax revenues paid to the City over the twelve year period ending in 2018, would be equal to or greater than \$24,177 per year. Currently, annual property taxes on the facility are about \$30,000.

On July 28, 2003, the City entered into a redevelopment agreement for the purpose of constructing a new retail/service facility located within the Tax Increment Financing District. Under the terms of the agreement, the City paid \$110,000 to reduce the cost of the project site. In return, the Developer has constructed a 4,200 square foot building with a value of approximately \$450,000. In addition, the Developer has assured the City that additional real estate taxes to be received by the City over the next twelve years will exceed \$110,000. If the projected incremental tax revenue is not realized, the shortfall will be paid to the City by the Developer.

Finally, on November 27, 2006, the City entered into an agreement with developers to renovate a commercial building for the purpose of locating a new retail establishment. The City has reimbursed the developers \$200,000 of the renovation cost. The City's commitment was based on the developers' assurance that the City's share of cumulative sales tax revenues for the first ten years will equal no less that \$200,000. This guarantee is being evaluated each year. The developers are required to make up any shortfall in sales tax revenue.

INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTAL INFORMATION

Honorable Mayor
and Aldermen
City of Chillicothe, Illinois

The accompanying supplementary information is presented for purposes of analysis and is not considered necessary for a fair presentation of the basic financial statements. My examination of the basic financial statements was made for the primary purpose of formulating an opinion on those statements. This supplementary information has been subjected to the applicable audit procedures I performed in my examination of the related financial statements.

In my opinion, all of the supplementary information is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.



Kassandra J. McElhiney, CPA
McElhiney, LLC
Certified Public Accountants

Chillicothe, Illinois
October 3, 2016

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
For the Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ 50,000	\$ 170,056	\$ 120,056
State Taxes	1,290,500	1,782,164	491,664
State Grants	-	-	-
Licenses, fines and permits	91,000	148,145	57,145
Franchise fee	94,000	114,362	20,362
Cemetery income	24,600	50,003	25,403
Interest	500	4,152	3,652
Miscellaneous	96,800	106,311	9,511
Other financing sources - fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>1,647,400</u>	<u>2,375,193</u>	<u>727,793</u>
Charges to Appropriation (Outflows):			
General & Administrative	1,209,400	361,843	(847,557)
Public Safety	1,509,550	1,263,069	(246,481)
Cemetery	117,200	44,441	(72,759)
City Parks & Buildings	258,500	150,428	(108,072)
Economic Development	120,600	74,681	(45,919)
Capital Outlay	1,142,000	35,668	(1,106,332)
Operating Transfers Out	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total Charges to Appropriations	<u>4,357,250</u>	<u>1,980,130</u>	<u>(2,377,120)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	3,587,748	3,587,748	-
Change in Fund Balance	<u>(2,709,850)</u>	<u>395,063</u>	<u>3,104,913</u>
Fund Balance - End of Year	<u>\$ 877,898</u>	<u>\$ 3,982,811</u>	<u>\$ 3,104,913</u>

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 ECONOMIC DEVELOPMENT FUND
For the Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ -	\$ -	\$ -
Interest	-	4,942	4,942
Miscellaneous	-	-	-
Other financing sources - fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>-</u>	<u>4,942</u>	<u>4,942</u>
Charges to Appropriation (Outflows):			
Economic Development	35,900	68	(35,832)
Capital Outlay	<u>464,100</u>	<u>-</u>	<u>464,100</u>
Total Charges to Appropriations	<u>500,000</u>	<u>68</u>	<u>428,268</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	889,251	889,251	-
Change in Fund Balance	<u>(500,000)</u>	<u>4,874</u>	<u>504,874</u>
Fund Balance - End of Year	<u>\$ 389,251</u>	<u>\$ 894,125</u>	<u>\$ 504,874</u>

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 ROAD AND BRIDGE FUND
For the Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ 55,000	\$ 66,645	\$ 11,645
Equipment Rental	-	-	-
Tonnage Fees	17,500	21,942	4,442
Telecommunications Tax	197,000	220,787	23,787
Interest	-	163	163
Miscellaneous	-	57,211	57,211
Operating Transfers In	-	50,000	50,000
Other financing sources - fund balance	<u>1,374,967</u>	<u>-</u>	<u>(1,374,967)</u>
Amounts available for appropriation	<u>1,644,467</u>	<u>416,748</u>	<u>(1,227,719)</u>
Charges to Appropriation (Outflows):			
General & Administrative	104,200	76,208	(27,992)
Streets, Alleys & Sidewalks	1,133,000	381,097	(751,903)
Capital Outlay	<u>48,000</u>	<u>-</u>	<u>(48,000)</u>
Total Charges to Appropriations	<u>1,285,200</u>	<u>457,305</u>	<u>(827,895)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	203,238	203,238	-
Change in Fund Balance	<u>359,267</u>	<u>(40,557)</u>	<u>(399,824)</u>
Fund Balance - End of Year	<u>\$ 562,505</u>	<u>\$ 162,681</u>	<u>\$ (399,824)</u>

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FIRE PROTECTION FUND
For the Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ 49,170	\$ 49,952	\$ 782
Interest	-	119	119
Miscellaneous	-	390	390
Grant revenue	-	7,473	7,473
Operating transfers in	-	-	-
Other financing sources - fund balance	<u>489,907</u>	<u>-</u>	<u>(489,907)</u>
Amounts available for appropriation	<u>539,077</u>	<u>57,934</u>	<u>(481,143)</u>
Charges to Appropriation (Outflows):			
General & Administrative	6,000	436	(5,564)
Public Safety	35,000	5,290	(29,710)
Debt Service	15,000	12,500	(2,500)
Capital Outlay	<u>315,000</u>	<u>-</u>	<u>(315,000)</u>
Total Charges to Appropriations	<u>371,000</u>	<u>18,226</u>	<u>(352,774)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	180,588	180,588	-
Change in Fund Balance	<u>168,077</u>	<u>39,708</u>	<u>(128,369)</u>
Fund Balance - End of Year	<u>\$ 348,665</u>	<u>\$ 220,296</u>	<u>\$ (128,369)</u>

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 TAX INCREMENT FINANCING (TIF) FUND
For the Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ 455,000	\$ 451,288	\$ (3,712)
Interest	-	2,258	2,258
Miscellaneous	-	2,301	2,301
Other financing sources - fund balance	<u>2,043,437</u>	<u>-</u>	<u>(2,043,437)</u>
Amounts available for appropriation	<u>2,498,437</u>	<u>455,847</u>	<u>(2,042,590)</u>
Charges to Appropriation (Outflows):			
General & Administrative	827,500	14,503	(812,997)
Streets & Alleys	506,300	41,723	(464,577)
Economic Development	847,500	342,244	(505,256)
Debt Service	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>2,181,300</u>	<u>398,470</u>	<u>(1,782,830)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	1,264,195	1,264,195	-
Change in Fund Balance	<u>317,137</u>	<u>57,377</u>	<u>(259,760)</u>
Fund Balance - End of Year	<u>\$ 1,581,332</u>	<u>\$ 1,321,572</u>	<u>\$ (259,760)</u>

CITY OF CHILLICOTHE, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
April 30, 2016

	<u>Police Protection Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Civil Defense Fund</u>	<u>Tort Liability Fund</u>	<u>Audit Fund</u>	<u>Social Security Fund</u>	<u>Hotel/ Motel Tax Fund</u>	<u>Totals</u>
<u>ASSETS</u>								
Cash	\$ 88,223	\$ 4,388	\$ 928	\$ 5,259	\$ 861	\$ 18,135	\$ 3,398	\$ 121,192
Investments	165,465	122,023	4,908	6,156	32,554	59,472	12,811	403,389
Taxes receivable	40,600	13,876	1,500	127,000	15,000	124,500	-	322,476
Due from other funds	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
	<u>294,288</u>	<u>140,287</u>	<u>7,336</u>	<u>138,415</u>	<u>48,415</u>	<u>202,107</u>	<u>16,209</u>	<u>847,057</u>
<u>LIABILITIES AND FUND BALANCE</u>								
Liabilities:								
Accounts payable	576	-	-	-	-	-	625	1,201
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	40,600	-	1,500	127,000	15,000	124,500	-	308,600
	<u>41,176</u>	<u>-</u>	<u>1,500</u>	<u>127,000</u>	<u>15,000</u>	<u>124,500</u>	<u>625</u>	<u>309,801</u>
Total Liabilities								
Fund Balance	<u>253,112</u>	<u>140,287</u>	<u>5,836</u>	<u>11,415</u>	<u>33,415</u>	<u>77,607</u>	<u>15,584</u>	<u>537,256</u>
Total Liabilities and Fund Balance	<u>\$ 294,288</u>	<u>\$ 140,287</u>	<u>\$ 7,336</u>	<u>\$ 138,415</u>	<u>\$ 48,415</u>	<u>\$ 202,107</u>	<u>\$ 16,209</u>	<u>\$ 847,057</u>

CITY OF CHILLICOTHE, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended April 30, 2016

	Police Protection Fund	Motor Fuel Tax Fund	Civil Defense Fund	Tort Liability Fund	Audit Fund	Social Security Fund	Hotel/ Motel Tax Fund	Totals
<u>Revenues</u>								
Property taxes	\$ 40,475	\$ -	\$ 1,487	\$ 117,435	\$ 14,967	\$ 115,738	\$ -	\$ 290,102
Telecommunications tax	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	19,511	19,511
Motor Fuel Tax	-	155,955	-	-	-	-	-	155,955
Replacement tax	738	-	31	2,143	273	2,111	-	5,296
Grant revenue	-	-	-	-	-	-	-	-
Interest	251	132	6	38	38	105	15	585
Equipment rental	-	-	-	-	-	-	-	-
Fees & Assessments	91,290	-	-	-	-	-	-	91,290
Miscellaneous	8,164	-	-	-	-	-	90	8,254
Total Revenues	<u>140,918</u>	<u>156,087</u>	<u>1,524</u>	<u>119,616</u>	<u>15,278</u>	<u>117,954</u>	<u>19,616</u>	<u>570,993</u>
<u>Expenditures</u>								
Current:								
General Government	-	-	-	131,357	14,500	93,045	-	238,902
Streets, alleys & Sidewalks	-	170,661	-	-	-	-	-	170,661
Public Safety	28,874	-	1,180	-	-	-	-	30,054
Economic Development	-	-	-	-	-	-	21,326	21,326
Capital Expenditures	93,530	-	-	-	-	-	-	93,530
Total Expenditures	<u>122,404</u>	<u>170,661</u>	<u>1,180</u>	<u>131,357</u>	<u>14,500</u>	<u>93,045</u>	<u>21,326</u>	<u>554,473</u>
Excess of Revenues Over (Under) Expenditures	<u>18,514</u>	<u>(14,574)</u>	<u>344</u>	<u>(11,741)</u>	<u>778</u>	<u>24,909</u>	<u>(1,710)</u>	<u>16,520</u>
<u>Other Financing Sources (Uses)</u>								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	18,514	(14,574)	344	(11,741)	778	24,909	(1,710)	16,520
Fund Balance, Beginning	<u>234,598</u>	<u>154,861</u>	<u>5,492</u>	<u>23,156</u>	<u>32,637</u>	<u>52,698</u>	<u>17,294</u>	<u>520,736</u>
Fund Balance, Ending	<u>\$ 253,112</u>	<u>\$ 140,287</u>	<u>\$ 5,836</u>	<u>\$ 11,415</u>	<u>\$ 33,415</u>	<u>\$ 77,607</u>	<u>\$ 15,584</u>	<u>\$ 537,256</u>

CITY OF CHILLICOTHE, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

<u>Revenues</u>	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
State and Federal Revenue:			
Income taxes	\$ 480,000	\$ 649,772	\$ 169,772
Sales tax	720,000	991,836	271,836
Local Use tax	90,000	139,906	49,906
Personal property replacement tax	500	650	150
State grant	-	-	-
	<u>1,290,500</u>	<u>1,782,164</u>	<u>491,664</u>
Local Taxes:			
Property Tax	35,670	35,595	(75)
Entertainment Tax	60,000	55,635	(4,365)
Video Gaming Tax	<u>50,000</u>	<u>78,826</u>	<u>28,826</u>
	<u>145,670</u>	<u>170,056</u>	<u>24,386</u>
Other Local Revenues:			
Licenses	18,000	20,936	2,936
Aggregation Fee	25,000	29,594	4,594
Fines	65,000	87,532	22,532
Permits and zoning fees	8,000	10,083	2,083
Cemetery lot sales	11,000	17,643	6,643
Cemetery grave openings	13,000	31,400	18,400
Cemetery foundation permits	600	960	360
Rentals	1,800	1,650	(150)
Cable TV franchise	94,000	114,362	20,362
Interest	500	4,152	3,652
Expense reimbursements	95,000	87,208	(7,792)
Donations	-	-	-
Miscellaneous	<u>-</u>	<u>17,453</u>	<u>17,453</u>
	<u>331,900</u>	<u>422,973</u>	<u>91,073</u>
Total Revenues	<u>\$ 1,768,070</u>	<u>\$ 2,375,193</u>	<u>\$ 607,123</u>

CITY OF CHILLICOTHE, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Official salaries -			
Mayor and Aldermen	\$ 40,000	\$ 35,009	\$ 4,991
City Clerk	15,000	12,000	3,000
City Treasurer	5,500	3,300	2,200
Office Manager	42,000	32,166	9,834
Zoning Officer	5,200	4,020	1,180
Building Code Inspector	16,000	-	16,000
Plat Officer	5,000	-	5,000
City Collector	15,000	-	15,000
Deputy - City Clerk	10,000	-	10,000
Liquor Commissioner	500	291	209
	<u>154,200</u>	<u>86,786</u>	<u>67,414</u>
Wages - Office	24,000	17,708	6,292
Wages - Part-time Office	17,000	4,055	12,945
Telephone expense	11,000	4,672	6,328
Dues & Subscriptions	4,800	3,402	1,398
Postage expense	4,000	515	3,485
Printing expense	3,000	301	2,699
Garbage disposal	10,000	5,033	4,967
Check printing & bank service charge	3,000	69	2,931
Miscellaneous	278,000	2,981	275,019
Employee Deferred Compensation	6,000	3,005	2,995
Social security retirement expense	-	-	-
Uniform expense	700	550	150
Operating supplies	8,000	4,068	3,932
Office Equipment	12,000	922	11,078
Legal services	150,000	47,539	102,461
Engineer fees	35,000	5,354	29,646
Street light expense	60,000	48,005	11,995
Travel & Entertainment	5,000	743	4,257
Convention, seminars & workshops	20,000	5,800	14,200
Election expense	-	-	-
Community Planning	10,000	-	10,000
Zoning Board expense	2,500	266	2,234
Board of Fire & Police Commission	12,000	1,793	10,207
Ambulance provider fee	75,000	50,000	25,000
Codification of Ordinances	10,000	3,924	6,076
Contingency Fund	40,000	-	40,000
Special Civic Activities	30,000	25,280	4,720
Public Official Bonds	3,000	-	3,000
Maintenance & Repair - Equipment	10,000	1,760	8,240
Insurance - Employee Benefit Group	26,000	28,149	(2,149)
Insurance - Unemployment	50,000	-	50,000
Insurance - General Coverage	30,000	-	30,000
Tree City, USA	5,000	1,192	3,808
Comprehensive Sidewalk Program	-	-	-
Tree Removal	-	-	-

CITY OF CHILLICOTHE, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016
(Continued)

	<u>Original/ Final Budget</u>	<u>2016 Actual</u>	<u>Variance with Final Budget</u>
<u>Expenditures: (Continued)</u>			
Current:			
General Government:			
Publication - Bids and Elections	-	1,201	(1,201)
Publication - Ordinance	5,000	75	4,925
Publication - Other	6,000	-	6,000
Professional Service Fee	15,000	2,355	12,645
Computer Software and Training	11,200	4,000	7,200
Annual Audit	8,000	-	8,000
Random Testing	5,000	340	4,660
Annexation incentive	50,000	-	50,000
	<u>1,055,200</u>	<u>275,057</u>	<u>780,143</u>
Total General Government	<u>1,209,400</u>	<u>361,843</u>	<u>847,557</u>
Public Safety:			
Police Department:			
Police Chief - Salary	78,000	72,139	5,861
Police Labor - Wages	834,000	798,086	35,914
Deferred Compensation	10,000	4,761	5,239
Health Insurance	261,000	248,436	12,564
Uniform Expense	12,000	9,565	2,435
Gas and Oil	60,000	26,348	33,652
Telephone	12,000	13,041	(1,041)
Rental - Equipment	-	-	-
Dues and Subscriptions	5,000	1,954	3,046
Printing Expense	2,500	861	1,639
Miscellaneous	24,000	700	23,300
Office Supplies & Postage	7,000	3,304	3,696
Office Equipment	12,000	6,206	5,794
Travel Expense	500	-	500
Training Schools & Tuitions	-	-	-
Maintenance & Repair - Equipment	13,000	4,526	8,474
Maintenance & Repair - Vehicles	16,000	10,011	5,989
Animal Control Services	15,000	7,621	7,379
Jail Fees	-	-	-
	<u>1,362,000</u>	<u>1,207,559</u>	<u>154,441</u>
Fire Department:			
Salary - Fire Chief	25,000	8,812	16,188
Uniform Expense	37,550	16,950	20,600
Automobile Expense - Fire Chief	1,000	160	840
Utilities - Heating & Lighting	20,000	8,298	11,702
Gas and Oil	8,000	2,189	5,811
Telephone & Internet	11,000	6,013	4,987
Miscellaneous	11,500	-	11,500
Supplies	1,500	1,310	190
Maintenance & Repair - Equipment	10,000	8,059	1,941
Maintenance & Repair - Vehicles	20,000	3,719	16,281
Department Restructuring	-	-	-
Insurance - Vehicles and Other	-	-	-
Conventions & Seminars	2,000	-	2,000
	<u>147,550</u>	<u>55,510</u>	<u>92,040</u>
Total Public Safety	<u>1,509,550</u>	<u>1,263,069</u>	<u>246,481</u>

CITY OF CHILLICOTHE, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016
(Continued)

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures:</u> (Continued)			
Current:			
Cemetery:			
Wages - Cemetery Labor	52,500	32,071	20,429
Gas and Oil	6,000	2,035	3,965
Miscellaneous	2,000	100	1,900
Supplies - Materials	8,000	2,133	5,867
Equipment - Operating	2,000	1,149	851
Equipment Rental	-	-	-
Engineer Fees	5,000	-	5,000
Trees, Shrubs, Sod & Seed	3,000	130	2,870
Maintenance & Repair - Equipment	6,000	2,756	3,244
Maintenance & Repair - Grave Stones	3,000	1,525	1,475
Maintenance & Repair - Fence	8,000	-	8,000
Maintenance & Repair - Vehicles	2,500	1,053	1,447
Maintenance & Repair - Streets	3,000	-	3,000
Maintenance & Repair - Building	3,000	625	2,375
Tree & Stump Removal	2,000	-	2,000
Telephone	700	135	565
Office Supplies & Software	1,300	-	1,300
Cemetery Records System	-	302	(302)
Unemployment Insurance	8,000	-	8,000
Employee Deferred Compensation	1,200	427	773
Total Cemetery	<u>117,200</u>	<u>44,441</u>	<u>72,759</u>
City Parks and Buildings:			
City Parks:			
Wages - Parks Labor	34,500	24,291	10,209
Deferred Compensation	1,000	337	663
Gas and Oil	5,000	1,931	3,069
Tree & Stump Removal	1,000	-	1,000
Miscellaneous	1,000	100	900
Supplies - Materials	3,000	3,476	(476)
Equipment - Operating & Recreational	2,000	681	1,319
Trees, Shrubs, Sod & Seed	5,500	-	5,500
Maintenance & Repair - Benches/Tables	1,500	-	1,500
Maintenance & Repair - Equipment	5,000	2,711	2,289
Maintenance & Repair - Vehicles	5,000	1,095	3,905
Maintenance & Repair - Boat Ramp	5,000	-	5,000
Maintenance & Repair - Playground Eq.	3,000	-	3,000
Park Land Improvements	-	-	-
Rentals	2,000	1,258	742
Total City Parks	<u>74,500</u>	<u>35,880</u>	<u>38,620</u>
City Buildings:			
Wages - Janitor	36,000	34,600	1,400
Part-time Labor	19,000	3,844	15,156
Health Insurance	18,000	17,346	654
Utilities - Heating & Lighting	65,000	33,339	31,661
Equipment Rental	-	-	-
Uniform Expense	800	550	250
Supplies	5,000	3,561	1,439
Miscellaneous	1,000	-	1,000
Equipment - Office	-	-	-
Maintenance & Repair - Buildings	30,000	17,658	12,342
Maintenance & Repair - Equipment	2,500	-	2,500
Maintenance & Repair - Parks	3,500	1,211	2,289
Professional Services	-	-	-
Employee Deferred Compensation	2,400	1,719	681
Car Allowance	800	720	80
Total City Buildings	<u>184,000</u>	<u>114,548</u>	<u>69,452</u>
Total Parks and Buildings	<u>258,500</u>	<u>150,428</u>	<u>108,072</u>

CITY OF CHILLICOTHE, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016
(Continued)

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures:</u> (Continued)			
Current:			
Economic Development:			
Wages - Director	60,000	51,414	8,586
Telephone	1,500	1,052	448
Miscellaneous	1,000	-	1,000
Office Equipment & Supplies	3,500	474	3,026
Travel Expense	3,000	22	2,978
Uniform Expense	700	550	150
Seminars/Workshops	2,500	493	2,007
Dues & Subscriptions	1,500	1,021	479
Postage expense	1,000	8	992
Unemployment	6,000	-	6,000
Maintenance & Repair - Equipment	1,200	-	1,200
Professional Services	8,000	-	8,000
Insurance - Employees	17,500	17,346	154
Deferred Compensation	3,400	1,552	1,848
Comprehensive Plan	-	-	-
Engineering	5,000	-	5,000
Promotional material	4,800	749	4,051
	<u>120,600</u>	<u>74,681</u>	<u>45,919</u>
Total Economic Development			
	<u>3,215,250</u>	<u>1,894,462</u>	<u>1,320,788</u>
Total Current Expenditures			
Capital Expenditures:			
Administrative	115,000	-	115,000
Police Department	50,000	-	50,000
Fire Department	265,000	-	265,000
Cemetery and Parks	112,000	24,390	87,610
Buildings Department	600,000	11,278	588,722
Debt Service:	-	-	-
	<u>4,357,250</u>	<u>1,930,130</u>	<u>2,427,120</u>
Total Expenditures Before Other Financing Sources (Uses)			
	<u>4,357,250</u>	<u>1,930,130</u>	<u>2,427,120</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	(2,589,180)	445,063	3,034,243
Other Financing Sources (Uses):			
Operating transfers In	-	-	-
Operating transfers Out	-	(50,000)	(50,000)
	<u>-\$ (2,589,180)</u>	<u>395,063</u>	<u>\$ 2,984,243</u>
Excess of Revenues Over Expenditures			
	<u>\$ (2,589,180)</u>	<u>395,063</u>	<u>\$ 2,984,243</u>
<u>Fund Balance, Beginning</u>		<u>3,587,748</u>	
<u>Fund Balance, Ending</u>		<u>\$ 3,982,811</u>	

CITY OF CHILLICOTHE, ILLINOIS
POLICE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property taxes	\$ 40,560	\$ 40,475	\$ (85)
Replacement tax	-	738	738
Fines	-	8,790	8,790
Grants	-	-	-
Vehicle Impoundment	55,000	82,500	27,500
Interest	-	251	251
Miscellaneous	-	<u>8,164</u>	<u>8,164</u>
Total Revenues	<u>95,560</u>	<u>140,918</u>	<u>45,358</u>
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Public Safety:			
LEADS Program	9,000	2,755	6,245
Training Schools	12,000	4,387	7,613
Supplies	9,000	762	8,238
Dues & Subscriptions	5,000	941	4,059
Maintenance & Repairs	20,100	4,039	16,061
K-9 Expenses	10,000	7,134	2,866
Miscellaneous	<u>15,000</u>	<u>8,856</u>	<u>6,144</u>
Total Public Safety	<u>80,100</u>	<u>28,874</u>	<u>51,226</u>
Capital:			
Equipment	82,000	43,703	38,297
Police car purchases	<u>80,000</u>	<u>49,827</u>	<u>30,173</u>
Total Capital	<u>162,000</u>	<u>93,530</u>	<u>68,470</u>
Total Expenditures	<u>242,100</u>	<u>122,404</u>	<u>119,696</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (146,540)</u>	18,514	<u>\$ 165,054</u>
<u>Fund Balance, Beginning</u>		<u>234,598</u>	
<u>Fund Balance, Ending</u>		<u>\$ 253,112</u>	

CITY OF CHILLICOTHE, ILLINOIS
MOTOR FUEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Motor Fuel Tax Allotments	\$ 147,000	\$ 155,955	\$ 8,955
State Grants	-	-	-
Miscellaneous	-	-	-
Interest Income	-	<u>132</u>	<u>132</u>
 Total Revenues	 <u>147,000</u>	 <u>156,087</u>	 <u>9,087</u>
	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
<u>Expenditures</u>			
Current:			
Wages	\$ -	-	\$ -
Equipment Rental	-	-	-
Culverts	8,000	-	8,000
Sealcoating and Crack Filling	-	-	-
Sidewalks	20,000	-	20,000
Manhole Rings	3,000	-	3,000
Patch and Aggregate	125,000	89,270	35,730
Traffic Control and Signing	-	-	-
Salt & Cinders	30,000	21,195	8,805
Miscellaneous	1,000	-	1,000
Fill Sand & Gravel	6,000	8,386	(2,386)
Street Signs	6,000	829	5,171
Line Marker Paint	5,000	-	5,000
Overlay	202,000	33,305	168,695
Engineering	<u>40,000</u>	<u>17,676</u>	<u>22,324</u>
 Total Expenditures	 <u>446,000</u>	 <u>170,661</u>	 <u>275,339</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (299,000)</u>	(14,574)	<u>\$ 284,426</u>
<u>Fund Balance, Beginning</u>		<u>154,861</u>	
 <u>Fund Balance, Ending</u>		 <u>\$ 140,287</u>	

CITY OF CHILLICOTHE, ILLINOIS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 55,000	\$ 66,154	\$ 11,154
Replacement Tax	-	491	491
Equipment Rental	-	-	-
Tonnage Fees	17,500	21,942	4,442
Interest	-	163	163
Stimulus Reimbursement	-	-	-
Miscellaneous	220,000	57,211	(162,789)
Telecommunication Tax	<u>197,000</u>	<u>220,787</u>	<u>23,787</u>
 Total Revenues	 <u>489,500</u>	 <u>366,748</u>	 <u>(122,752)</u>
 <u>Expenditures</u>			
	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Current:			
General Government:			
Insurance - General	4,000	-	4,000
Insurance - Employees	68,200	66,497	1,703
Insurance - Unemployment	6,000	-	6,000
Telephone	3,500	2,612	888
Bank Charges	-	-	-
Miscellaneous	3,000	15	2,985
Office Supplies	3,500	-	3,500
Deferred Compensation	15,000	7,084	7,916
Office Equipment Maintenance	<u>1,000</u>	<u>-</u>	<u>1,000</u>
 Total General Government	 <u>104,200</u>	 <u>76,208</u>	 <u>27,992</u>
 Streets, Alleys & Sidewalks:			
Wages - Department Head	20,000	9,230	10,770
Wages - Labor	197,000	128,292	68,708
Gas & Oil	35,000	10,302	24,698
Equipment Rental	17,000	7,700	9,300
Fill Sand & Gravel	1,500	-	1,500
Miscellaneous	5,000	-	5,000
Supplies - Operating	12,000	5,276	6,724
Equipment - Operating	9,000	-	9,000
Trees, Shrubs, Sod & Seed	20,000	10,210	9,790
New Construction - Streets, Alleys, Sidewalks	148,000	124,269	23,731
Maintenance & Repair - Equipment	12,000	12,246	(246)
Maintenance & Repair - Vehicles	12,000	6,399	5,601
Maintenance & Repair - Dry Wells	60,000	6,659	53,341
Utilities - Stop Lights	10,000	2,574	7,426
Sidewalk Program	30,000	-	30,000

CITY OF CHILLICOTHE, ILLINOIS
ROAD AND BRIDGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016
(Continued)

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures</u> (Continued)			
Current:			
Streets, Alleys & Sidewalks (Continued)			
Maintenance & Repair - Bridge	100,000	-	100,000
Maintenance & Repair - Building	31,000	-	31,000
Maintenance & Repair - Streets, Alleys & Sidewalks	275,000	46,025	228,975
Maintenance & Repair - Street Signs & Traffic Lights	-	511	(511)
Uniforms	3,500	1,650	1,850
Patch	-	-	-
Snow Removal	-	-	-
Drainage Improvements	100,000	7,984	92,016
Engineering	30,000	1,105	28,895
Pest Control	5,000	665	4,335
	<u>1,133,000</u>	<u>381,097</u>	<u>751,903</u>
Capital:	<u>48,000</u>	<u>-</u>	<u>48,000</u>
	<u>1,285,200</u>	<u>457,305</u>	<u>827,895</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(795,700)	(90,557)	705,143
Other Financing Sources (Uses):			
Operating Transfers Out	-	-	-
Operating Transfers In	-	50,000	50,000
	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (795,700)</u>	<u>(40,557)</u>	<u>\$ 755,143</u>
<u>Fund Balance, Beginning</u>		<u>203,238</u>	
<u>Fund Balance, Ending</u>		<u>\$ 162,681</u>	

CITY OF CHILLICOTHE, ILLINOIS
 FIRE PROTECTION FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - APPROPRIATED AND ACTUAL
 For The Year Ended April 30, 2016

	<u>Original/ Final Budget</u>	<u>2016 Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 49,170	\$ 49,058	\$ (112)
Replacement Tax	-	894	894
Grant Revenue	-	-	-
Foreign Fire Insurance Tax	-	7,473	7,473
Interest Income	-	119	119
Miscellaneous Income	-	<u>390</u>	<u>390</u>
Total Revenues	<u>49,170</u>	<u>57,934</u>	<u>8,764</u>
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Current:			
General Government:			
Conventions and Seminars	4,000	-	4,000
Miscellaneous	2,000	436	1,564
Public Safety:			
Maintenance & Repairs	35,000	5,290	29,710
Debt Service:			
	15,000	12,500	2,500
Capital:			
	<u>315,000</u>	<u>-</u>	<u>315,000</u>
Total Expenditures	<u>371,000</u>	<u>18,226</u>	<u>347,210</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(321,830)	39,708	355,974
Other Financing Sources (Uses):			
Operating Transfers Out	-	-	-
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (321,830)</u>	39,708	<u>\$ 355,974</u>
<u>Fund Balance, Beginning</u>		<u>180,588</u>	
 <u>Fund Balance, Ending</u>		 <u>\$ 220,296</u>	

CITY OF CHILLICOTHE, ILLINOIS
 CIVIL DEFENSE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - APPROPRIATED AND ACTUAL
 For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 1,490	\$ 1,487	\$ (3)
Replacement Tax	-	31	31
Interest Income	-	6	6
	<u>1,490</u>	<u>1,524</u>	<u>34</u>
Total Revenues			
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Current:			
Public Safety:			
Gas and Oil	-	-	-
Alternate Communication	3,000	1,142	1,858
Miscellaneous	1,000	-	1,000
Equipment Maintenance	<u>3,000</u>	<u>38</u>	<u>2,962</u>
Total Public Safety	7,000	1,180	5,820
Capital:	<u>3,000</u>	-	<u>3,000</u>
Total Expenditures	<u>10,000</u>	<u>1,180</u>	<u>8,820</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (8,510)</u>	344	<u>\$ 8,854</u>
<u>Fund Balance, Beginning</u>		<u>5,492</u>	
<u>Fund Balance, Ending</u>		<u>\$ 5,836</u>	

CITY OF CHILLICOTHE, ILLINOIS
 ECONOMIC DEVELOPMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	<u>Original/ Final Budget</u>	<u>2016 Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Economic Development Loan Repayments	\$ 24,730	\$ 31,131	\$ 6,401
Interest Income	-	4,942	4,942
Miscellaneous	-	-	-
Total Revenues	<u>24,730</u>	<u>36,073</u>	<u>11,343</u>
 <u>Expenditures</u>			
Current:			
General Government:			
Legal Fees & Miscellaneous	35,900	68	35,832
Capital: Economic Development Loans	<u>464,100</u>	<u>75,000</u>	<u>389,100</u>
Total Expenditures	<u>500,000</u>	<u>75,068</u>	<u>424,932</u>
Excess of Revenues Over (Under) Expenditures before Adjustments	<u>\$ (475,270)</u>	<u>(38,995)</u>	<u>\$ 436,275</u>
 Adjustments for Items Not Affecting Fund Balance:			
Loan Principal Repayments		(31,131)	
Principal Amount of New Loans		75,000	
 Adjustments for Non-Cash Expenses:			
Bad Debts Expense		-	
Total Adjustments		<u>43,869</u>	
Excess of Revenues Over (Under) Expenditures		4,874	
<u>Fund Balance, Beginning</u>		<u>889,251</u>	
<u>Fund Balance, Ending</u>		<u>\$ 894,125</u>	

CITY OF CHILLICOTHE, ILLINOIS
TORT LIABILITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 107,701	\$ 117,435	\$ 9,734
Replacement Tax	-	2,143	2,143
Interest Income	<u>-</u>	<u>38</u>	<u>38</u>
Total Revenues	<u>107,701</u>	119,616	<u>11,915</u>
 <u>Expenditures</u>			
Current:			
General Government:			
Tort Judgments and Liability Insurance	<u>200,000</u>	<u>131,357</u>	<u>68,643</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (92,299)</u>	(11,741)	<u>\$ 80,558</u>
<u>Fund Balance, Beginning</u>		<u>23,156</u>	
<u>Fund Balance, Ending</u>		<u>\$ 11,415</u>	

CITY OF CHILLICOTHE, ILLINOIS
 AUDIT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 15,995	\$ 14,967	\$ (1,028)
Replacement Tax	-	273	273
Interest	-	<u>38</u>	<u>38</u>
Total Revenues	15,995	15,278	(717)
 <u>Expenditures</u>			
Current:			
General Government:			
Audit and Miscellaneous	<u>20,000</u>	<u>14,500</u>	<u>5,500</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (4,005)</u>	778	<u>\$ 4,783</u>
<u>Fund Balance, Beginning</u>		<u>32,637</u>	
<u>Fund Balance, Ending</u>		<u>\$ 33,415</u>	

CITY OF CHILLICOTHE, ILLINOIS
SOCIAL SECURITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	<u>Original/ Final Budget</u>	<u>2016 Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 116,000	\$ 115,738	\$ (262)
Replacement Tax	-	2,111	2,111
Interest Income	-	105	105
Miscellaneous Income	-	-	-
Operating Transfers In	-	-	-
	116,000	117,954	1,954
 <u>Expenditures</u>			
Current:			
General Government:			
Social Security/Medicare Taxes	130,500	93,045	37,455
Miscellaneous	-	-	-
	130,500	93,045	37,455
 Excess of Revenues Over (Under) Expenditures			
	<u>\$ (14,500)</u>	24,909	<u>\$ 39,409</u>
 <u>Fund Balance, Beginning</u>		52,698	
<u>Fund Balance, Ending</u>		<u>\$ 77,607</u>	

CITY OF CHILLICOTHE, ILLINOIS
TAX INCREMENT FINANCING FUND
(TIF FUND)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 455,000	\$ 451,288	\$ (3,712)
Redevelopment Escrow	-	-	-
Miscellaneous Income	130,200	2,301	(127,899)
Interest Income	-	2,258	2,258
Total Revenues	<u>585,200</u>	<u>455,847</u>	<u>(129,353)</u>
<u>Expenditures</u>			
Current:			
General Government:			
Administration	683,000	23	682,977
Miscellaneous	102,000	1,774	100,226
Professional Fees	32,000	11,114	20,886
Dues	4,500	550	3,950
Travel and Meetings	6,000	1,042	4,958
Total General Government	<u>827,500</u>	<u>14,503</u>	<u>812,997</u>
Streets and Alleys:			
Street & Sidewalk Improvements	411,300	34,147	377,153
Stop Light Maintenance	25,000	2,442	22,558
Water Mains	50,000	-	50,000
Engineering	20,000	5,134	14,866
Total Streets and Alleys	<u>506,300</u>	<u>41,723</u>	<u>464,577</u>
Economic Development:			
Riverfront Improvements	86,000	10,551	75,449
Project Facelift	75,000	7,557	67,443
Commercial Rehabilitation Program	95,000	129,146	(34,146)
Property Acquisition	300,000	101,376	198,624
Building Improvements	20,000	93,614	(73,614)
Demolition	125,000	-	125,000
Railroad Crossings	-	-	-
Signs	33,000	-	33,000
Park Improvements	113,500	-	113,500
Total Economic Development	<u>847,500</u>	<u>342,244</u>	<u>505,256</u>
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,181,300</u>	<u>398,470</u>	<u>1,782,830</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,596,100)</u>	57,377	<u>\$ 1,653,477</u>
Adjustments for Items Not Affecting Fund Balance:			
Loan Principal Repayments		-	
<u>Fund Balance, Beginning</u>		<u>1,264,195</u>	
<u>Fund Balance, Ending</u>		<u>\$ 1,321,572</u>	

CITY OF CHILLICOTHE, ILLINOIS
POLICE PENSION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 200,000	\$ 209,243	\$ 9,243
Replacement Tax	-	3,642	3,642
Employee Contributions	-	51,205	51,205
Interest Income	-	27,411	27,411
Miscellaneous Income	-	-	-
	-	-	-
Total Revenues	<u>200,000</u>	<u>291,501</u>	<u>91,501</u>
<u>Expenditures</u>			
	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Current:			
General Government:			
Pension Payments	230,000	223,130	6,870
Termination Distributions	-	1,383	(1,383)
Miscellaneous	-	1,181	(1,181)
	-	-	-
Total Expenditures	<u>230,000</u>	<u>225,694</u>	<u>4,306</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (30,000)</u>	65,807	<u>\$ 95,807</u>
<u>Fund Balance, Beginning</u>		<u>3,025,715</u>	
<u>Fund Balance, Ending</u>		<u>\$ 3,091,522</u>	

CITY OF CHILLICOTHE, ILLINOIS
HOTEL/MOTEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	<u>Original/ Final Budget</u>	<u>2016 Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Hotel/Motel Tax	\$ 24,000	\$ 19,511	\$ (4,489)
Interest Income	-	15	15
Miscellaneous Income	<u>-</u>	<u>90</u>	<u>90</u>
Total Revenues	<u>24,000</u>	<u>19,616</u>	<u>(4,384)</u>
<u>Expenditures</u>			
Current:			
Economic Development:			
Web Site	3,000	1,252	1,748
Postage	750	-	750
Advertising/Targeted Marketing	11,100	7,003	4,097
Promotions	5,500	3,366	2,134
Scenic By Way	4,000	2,000	2,000
Donations	-	6,500	(6,500)
Dues & Subscriptions	3,000	625	2,375
Travel	2,500	580	1,920
Seminars	2,500	-	2,500
Office Supplies	500	-	500
Miscellaneous	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total Expenditures	<u>40,350</u>	<u>21,326</u>	<u>19,024</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (16,350)</u>	<u>(1,710)</u>	<u>\$ 14,640</u>
<u>Fund Balance, Beginning</u>		<u>17,294</u>	
<u>Fund Balance, Ending</u>		<u>\$ 15,584</u>	

CITY OF CHILLICOTHE, ILLINOIS
WATERWORKS AND SEWERAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN RETAINED EARNINGS - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
User Charges	\$ 1,177,000	\$ 877,149	\$ (299,851)
Service Fee	21,000	27,471	6,471
Interest Income	500	672	172
Miscellaneous	<u>-</u>	<u>8,570</u>	<u>8,570</u>
 Total Revenues	 <u>1,198,500</u>	 <u>913,862</u>	 <u>(284,638)</u>
			(Over) Under
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	<u>Budget</u>
Current:			
General and Administrative:			
Water Department:			
Wages - Office	65,000	52,883	12,117
Insurance - Employees Benefit	55,000	39,567	15,433
Social Security & Medicare Expense	25,000	13,350	11,650
Unemployment	3,000	-	3,000
Uniform Allowance	2,500	1,925	575
Employee Deferred Compensation	15,000	9,814	5,186
Telephone & Internet Expense	7,500	3,301	4,199
Dues & Subscriptions	2,000	758	1,242
Postage Expense	1,000	316	684
Printing Expense	2,000	73	1,927
Bank Charges	1,000	204	796
Miscellaneous	1,500	88	1,412
Office Supplies	3,000	933	2,067
Office Space Rental	2,000	825	1,175
Office Equipment	8,000	-	8,000
Insurance - General Coverage	9,000	-	9,000
Computer Software	4,000	2,544	1,456
Billing & Posting Expense	8,000	6,022	1,978
Maintenance & Repair - Equipment	10,000	1,308	8,692
Travel Expense	2,500	86	2,414
Seminars and Workshops	3,000	-	3,000
Bond Interest Expense	<u>170,000</u>	<u>52,586</u>	<u>117,414</u>
	<u>400,000</u>	<u>186,583</u>	<u>213,417</u>

CITY OF CHILLICOTHE, ILLINOIS
WATERWORKS AND SEWERAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN RETAINED EARNINGS - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016

(Continued)

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures (Continued)</u>			
Current:			
General and Administrative:			
Sewer Department:			
Wages - Office	63,000	52,884	10,116
Insurance - Employees Benefit	43,000	38,256	4,744
Social Security & Medicare Expense	15,000	7,816	7,184
Employee Deferred Compensation	8,000	5,895	2,105
Uniform Allowance	2,000	1,375	625
Telephone & Internet Expense	1,500	598	902
Dues & Subscriptions	500	-	500
Postage Expense	500	-	500
Printing Expense	-	-	-
Bank Charges	-	-	-
Miscellaneous	7,000	2,213	4,787
Legal	-	-	-
Office Supplies	5,000	150	4,850
Computer Software	3,000	-	3,000
Office Equipment	5,000	-	5,000
Professional Fees	-	-	-
Office Space Rental	1,000	825	175
Insurance - General Coverage	8,000	-	8,000
Billing & Posting Expense	6,500	5,880	620
Transfer to Other Funds	24,000	-	24,000
Maintenance & Repair - Equipment	5,000	-	5,000
Travel	-	-	-
Seminars and Workshops	500	-	500
	<u>198,500</u>	<u>115,892</u>	<u>82,608</u>
Total General and Administrative	<u>598,500</u>	<u>302,475</u>	<u>296,025</u>
System Operations:			
Water Department:			
Salaries - Department Head	25,000	13,605	11,395
Wages - Labor	192,200	118,695	73,505
Utilities	65,000	52,611	12,389
Gas & Oil	20,000	2,956	17,044
Equipment Rental	8,000	4,145	3,855
Fill Sand & Gravel	1,000	-	1,000
Fluoridation & Chlorine	10,000	8,965	1,035
Miscellaneous	-	-	-
Supplies - Operating	20,000	15,966	4,034
Equipment - Operating	8,000	4,027	3,973
Maintenance & Repair-Plant & System	264,200	26,700	237,500
Maintenance & Repair - Equipment	19,000	1,762	17,238
Maintenance & Repair - Vehicles	15,000	1,561	13,439
Maintenance & Repair - Building	35,000	4,476	30,524
Engineering	15,000	1,461	13,539
Utility Locating Service	2,500	1,015	1,485
Meter Reading Fees	7,500	7,122	378
Water Testing Fees	25,000	10,998	14,002
	<u>732,400</u>	<u>276,065</u>	<u>456,335</u>

CITY OF CHILLICOTHE, ILLINOIS
WATERWORKS AND SEWERAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN RETAINED EARNINGS - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2016
(Continued)

	Original/ Final <u>Budget</u>	2016 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures (Continued)</u>			
Current:			
System Operations:			
Sewer Department:			
Salaries - Department Head	25,000	13,605	11,395
Wages - Labor	56,100	41,377	14,723
Utilities	10,000	5,682	4,318
Gas & Oil	15,000	2,820	12,180
Equipment Rental	8,000	4,145	3,855
Copper Sulfate	5,000	2,830	2,170
Supplies - Operating	12,000	7,669	4,331
Equipment - Operating	5,000	4,687	313
Maintenance & Repair-Plant & System	197,500	34,887	162,613
Maintenance & Repair - Equipment	12,000	925	11,075
Maintenance & Repair - Vehicles	5,000	1,206	3,794
Maintenance & Repair - Building	6,000	-	6,000
Engineering	9,000	60	8,940
Meter Reading Fees	7,500	7,123	377
Testing Fees	1,000	-	1,000
	<u>374,100</u>	<u>127,016</u>	<u>247,084</u>
 Total System Operations	 <u>1,106,500</u>	 <u>403,081</u>	 <u>703,419</u>
 Capital	 <u>474,000</u>	 <u>227,086</u>	 <u>246,914</u>
 Total Expenditures	 <u>2,179,000</u>	 <u>932,642</u>	 <u>1,246,358</u>
 Excess of Revenues Over (Under) Expenditures Before Adjustments	 <u>\$ (980,500)</u>	 (18,780)	 <u>\$ 961,720</u>
Adjustments in Conformance with Generally Accepted Accounting Principles:			
Expenditures Not Affecting Net Income - - Capital Purchases		227,086	
Non-Cash Expenses Not Included in Expenditures - - Depreciation		<u>(136,061)</u>	
Net Income (Loss)		72,245	
<u>Retained Earnings, Beginning</u>		<u>2,259,693</u>	
<u>Retained Earnings, Ending</u>		<u>\$ 2,331,938</u>	

CITY OF CHILLICOTHE, ILLINOIS
 SCHEDULE OF INTERFUND PAYABLES AND RECEIVABLES
April 30, 2016

----- Due To -----	----- Due From -----	Per Audit <u>4/30/15</u>	<u>Additions</u>	<u>Repayments</u>	Per Audit <u>4/30/16</u>
General Fund	Waterworks & Sewerage Fund	\$ 5,550	\$ -	\$ -	\$ 5,550
		<u>\$ 5,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,550</u>

CITY OF CHILLICOTHE, ILLINOIS
 SCHEDULE OF INVESTMENTS
April 30, 2016

	<u>Total</u>
<u>General Fund</u>	
The Illinois Funds (Investment Pool)	\$ <u>3,558,605</u>
 <u>Police Protection Fund</u>	
The Illinois Funds (Investment Pool)	<u>165,465</u>
 <u>Motor Fuel Tax Fund</u>	
The Illinois Funds (Investment Pool)	<u>122,023</u>
 <u>Road and Bridge Fund</u>	
The Illinois Funds (Investment Pool)	<u>143,439</u>
 <u>Fire Protection Fund</u>	
Certificate of Deposit	100,000
The Illinois Funds (Investment Pool)	<u>108,914</u>
 <u>Civil Defense Fund</u>	
The Illinois Funds (Investment Pool)	<u>4,908</u>
 <u>Economic Development Fund</u>	
The Illinois Funds (Investment Pool)	<u>333,900</u>
 <u>Audit Fund</u>	
The Illinois Funds (Investment Pool)	<u>32,554</u>
 <u>Tort Liability Fund</u>	
The Illinois Funds (Investment Pool)	<u>6,156</u>
 <u>Social Security Fund</u>	
The Illinois Funds (Investment Pool)	<u>59,472</u>
 <u>Tax Increment Financing Fund</u>	
The Illinois Funds (Investment Pool)	<u>1,189,399</u>
 <u>Police Pension Fund</u>	
Insured Money Market Account:	
South Side Trust & Savings	114,095
Certificates of Deposit:	
Commerce Bank	-
South Side Trust & Savings	2,287,832
Better Banks	<u>452,664</u>
	<u>2,854,591</u>
 <u>Hotel/Motel Tax Fund</u>	
The Illinois Funds (Investment Pool)	<u>12,811</u>
 <u>Waterworks and Sewerage Fund</u>	
Insured Money Market Account:	
Better Banks	155,048
The Illinois Funds (Investment Pool)	292,421
The Illinois Funds (Investment Pool) (Project Fund)	<u>146,822</u>
	<u>594,291</u>
 Total - All Funds	 \$ <u>9,286,528</u>

CITY OF CHILLICOTHE, ILLINOIS
 SCHEDULE OF ASSESSED VALUATIONS, TAX RATES, TAX EXTENSIONS AND TAX COLLECTIONS
 For Tax Years,

Tax Year	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Equalized Assessed Valuation (EAV)	\$ 96,147,394	\$ 90,079,281	\$ 86,954,177	\$ 88,631,357	\$ 89,242,417	\$ 90,009,643	\$ 85,720,663	\$ 84,678,067	\$ 79,621,447
Less: TIF District EAV	<u>(6,968,040)</u>	<u>(5,894,560)</u>	<u>(5,935,570)</u>	<u>(6,308,990)</u>	<u>(6,217,800)</u>	<u>(6,217,730)</u>	<u>(5,579,040)</u>	<u>(6,116,720)</u>	<u>(5,645,600)</u>
Taxable Assessed Valuation	<u>\$ 89,179,354</u>	<u>\$ 84,184,721</u>	<u>\$ 81,018,607</u>	<u>\$ 82,322,367</u>	<u>\$ 83,024,617</u>	<u>\$ 83,791,913</u>	<u>\$ 80,141,623</u>	<u>\$ 78,561,347</u>	<u>\$ 73,975,847</u>

<u>Tax Rates</u>									
General Corporate	0.04057	0.04238	0.04292	0.03253	0.10592	0.10450	0.10110	0.08350	0.08030
Fire Protection	0.05514	0.05841	0.06069	0.05973	0.05682	0.05391	0.05262	0.05092	0.05012
Civil Defense	0.00168	0.00177	0.00184	0.00181	0.00180	0.00178	0.00186	0.00191	0.00203
Police Pension	0.23517	0.23758	0.23700	0.22596	0.14696	0.13845	0.13602	0.13875	0.13628
Police Protection	0.04549	0.04819	0.05131	0.05050	0.05007	0.04603	0.04438	0.04252	0.04326
Audit	0.01682	0.01782	0.01975	0.01943	0.01927	0.01790	0.01747	0.01655	0.01623
Social Security	0.13961	0.13780	0.13084	0.12391	0.10600	0.08952	0.08860	0.08783	0.09084
Tort Liability	<u>0.14320</u>	<u>0.13982</u>	<u>0.13294</u>	<u>0.12102</u>	<u>0.11277</u>	<u>0.10577</u>	<u>0.10559</u>	<u>0.10254</u>	<u>0.10342</u>
Totals	<u>0.67768</u>	<u>0.68377</u>	<u>0.67729</u>	<u>0.63489</u>	<u>0.59961</u>	<u>0.55786</u>	<u>0.54764</u>	<u>0.52452</u>	<u>0.52248</u>

<u>Tax Extensions</u>									
General Corporate	\$ 36,180	\$ 35,677	\$ 36,132	\$ 26,779	\$ 87,940	\$ 87,563	\$ 81,023	\$ 65,599	\$ 59,795
Fire Protection	49,173	49,172	51,092	49,171	47,175	45,172	42,171	40,003	37,077
Civil Defense	1,498	1,490	1,549	1,490	1,494	1,491	1,490	1,501	1,502
Police Pension	209,723	200,006	199,518	186,016	122,013	116,010	109,009	109,004	100,814
Police Protection	40,568	40,569	43,195	41,573	41,570	38,569	35,567	33,404	32,002
Audit	15,000	15,002	16,626	15,995	15,999	14,999	14,001	13,002	12,006
Social Security	124,503	116,007	110,147	102,006	88,006	75,011	71,005	69,000	67,200
Tort Liability	<u>127,705</u>	<u>117,707</u>	<u>111,915</u>	<u>99,626</u>	<u>93,627</u>	<u>88,627</u>	<u>84,622</u>	<u>80,557</u>	<u>76,506</u>
Totals	<u>\$ 604,351</u>	<u>\$ 575,630</u>	<u>\$ 570,175</u>	<u>\$ 522,656</u>	<u>\$ 497,824</u>	<u>\$ 467,442</u>	<u>\$ 438,888</u>	<u>\$ 412,070</u>	<u>\$ 386,902</u>

<u>Tax Collections</u>									
General Corporate		\$ 35,595	\$ 34,708	\$ 26,802	\$ 87,272	\$ 80,349	\$ 65,323	\$ 59,679	\$ 50,780
Fire Protection		49,058	49,077	49,212	45,022	41,820	39,835	37,005	36,114
Civil Defense		1,487	1,488	1,491	1,487	1,478	1,494	1,499	1,500
Police Pension		199,543	191,652	186,172	115,626	108,101	108,545	100,620	100,848
Police Protection		40,475	41,492	41,608	38,442	35,271	33,264	31,940	31,015
Audit		14,967	15,971	16,009	14,949	13,884	12,947	11,983	11,289
Social Security		115,738	105,805	102,091	74,762	70,415	68,710	67,070	64,027
Tort Liability		<u>117,435</u>	<u>107,503</u>	<u>99,710</u>	<u>88,333</u>	<u>83,917</u>	<u>80,210</u>	<u>76,358</u>	<u>64,451</u>
Totals		<u>\$ 574,298</u>	<u>\$ 547,696</u>	<u>\$ 523,095</u>	<u>\$ 465,893</u>	<u>\$ 435,235</u>	<u>\$ 410,328</u>	<u>\$ 386,154</u>	<u>\$ 360,024</u>

Percentage of Extensions Collected		<u>99.77%</u>	<u>96.06%</u>	<u>100.08%</u>	<u>93.59%</u>	<u>93.11%</u>	<u>93.49%</u>	<u>93.71%</u>	<u>93.05%</u>
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CITY OF CHILLICOTHE, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
April 30, 2016

2015 Assessed Valuation		<u>\$ 89,179,354</u>
Statutory Debt Limitation (8.625%)		7,691,719
Current Debt:		
Debt Certificates, Series 2006	1,196,793	
Contractual Debt	<u>175,000</u>	<u>(1,371,793)</u>
Legal Debt Margin		<u>\$ 6,319,926</u>