

CITY OF CHILLICOTHE
Chillicothe, Illinois

ANNUAL FINANCIAL REPORT
AND
INDEPENDENT AUDITOR'S REPORT

For The Year Ended April 30, 2017

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, 2017, 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, 2017, 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.

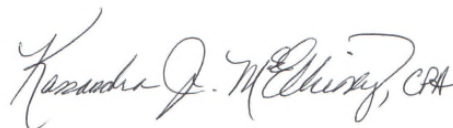
Other Information

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 November 30, 2017, 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
November 30, 2017

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, 2017, 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 November 30, 2017.

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.

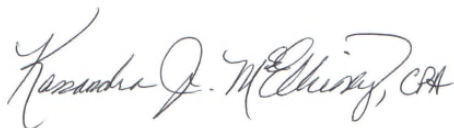
Your auditors have always discussed the financial statements and related disclosures and schedules, and we believe these discussions would have identified any material errors, omissions or misstatements. However, to fully comply with the rules of ethics and independence, we suggest that the Office Manager 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
November 30, 2017

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

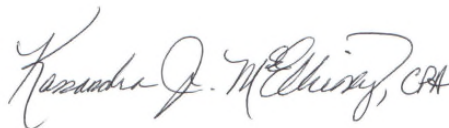
Honorable Mayor
and Aldermen
City of Chillicothe, Illinois

Dear Mayor and Aldermen:

I have examined the combined statements of the City of Chillicothe, Illinois, for the year ended April 30, 2017, and have issued my report thereon, dated November 30, 2017. 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
November 30, 2017

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, 2017 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, 2017 by \$14.79 million. Net position from governmental activities totaled \$12.43 million. Of this amount, \$3.92 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 \$484,880 and may be used in future operations and to finance future capital projects of the waterworks and sewerage systems.
- Total net position increased \$583,300 in the fiscal year ended April 30, 2017. Net position of the governmental activities increased \$562,300, due primarily to decreased spending in the Tax Increment Financing Districts. Net position of the business-type activities increased \$21,000.
- Total revenues of the governmental activities decreased \$33,400 or 0.85%, while total expenses increased \$40,300 or 1.22%.
- As of April 30, 2017, the governmental funds reported a combined ending fund balance of \$7.3 million, an increase of \$177,800 over the prior year. Of the ending fund balance, \$3.2 million is restricted by state statute for specific purposes. The remaining \$4.1 million is unreserved and available to finance future activities.
- The General Fund reported a fund balance of \$4.1 million, an increase of \$117,200 over the prior year. This entire amount is unrestricted and available for discretionary spending.

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 \$14.79 million at the end of the most recent fiscal year.

Of the total net position, \$5.97 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 \$4.41 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 \$4.41 million, which consists of \$3.92 million from governmental activities and \$484,880 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 8,443,158	\$ 8,191,494	\$ 703,004	\$ 720,438	\$ 9,146,162	\$ 8,911,932
Capital assets	<u>4,548,247</u>	<u>4,101,212</u>	<u>2,821,458</u>	<u>2,879,186</u>	<u>7,369,705</u>	<u>6,980,398</u>
Total Assets	<u>12,991,405</u>	<u>12,292,706</u>	<u>3,524,462</u>	<u>3,599,624</u>	<u>16,515,867</u>	<u>15,892,330</u>
Long-term liabilities	500,254	353,414	1,097,452	1,106,574	1,597,706	1,459,988
Current liabilities	<u>56,599</u>	<u>67,053</u>	<u>74,127</u>	<u>161,112</u>	<u>130,726</u>	<u>228,165</u>
Total Liabilities	<u>556,853</u>	<u>420,467</u>	<u>1,171,579</u>	<u>1,267,686</u>	<u>1,728,432</u>	<u>1,688,153</u>
Net Position:						
Invested in capital assets	4,248,026	3,926,212	1,724,006	1,682,393	5,972,032	5,608,605
Restricted	4,262,837	4,117,930	143,997	146,822	4,406,834	4,264,752
Unrestricted	<u>3,923,689</u>	<u>3,828,097</u>	<u>484,880</u>	<u>502,723</u>	<u>4,408,569</u>	<u>4,330,820</u>
Total Net Position	<u>\$ 12,434,552</u>	<u>\$ 11,872,239</u>	<u>\$ 2,352,883</u>	<u>\$ 2,331,938</u>	<u>\$ 14,787,435</u>	<u>\$ 14,204,177</u>

Net position from governmental activities increased \$562,300 in fiscal year 2017 and net position from business-type activities increased \$21,000.

City of Chillicothe's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 173,953	\$ 190,496	\$ 912,750	\$ 904,620	\$ 1,086,703	\$ 1,095,116
Capital grants and donations	-	-	-	-	-	-
General Revenues:						
Property taxes	1,097,619	1,012,597	-	-	1,097,619	1,012,597
Sales taxes	1,007,321	1,011,347	-	-	1,007,321	1,011,347
Income taxes	725,305	789,678	-	-	725,305	789,678
Other taxes	505,793	518,534	-	-	505,793	518,534
Interest on investments	36,003	12,219	2,446	672	38,449	12,891
Other	<u>372,621</u>	<u>417,185</u>	<u>4,533</u>	<u>8,570</u>	<u>377,154</u>	<u>425,755</u>
Total Revenues	<u>3,918,615</u>	<u>3,952,056</u>	<u>919,729</u>	<u>913,862</u>	<u>4,838,344</u>	<u>4,865,918</u>
Expenses:						
General government	757,080	639,439	-	-	757,080	639,439
Public safety	1,554,818	1,493,551	-	-	1,554,818	1,493,551
Cemetery	58,506	53,178	-	-	58,506	53,178
City parks and buildings	207,774	106,711	-	-	207,774	106,711
Streets and alleys	621,322	633,670	-	-	621,322	633,670
Economic development	156,802	389,432	-	-	156,802	389,432
Debt service	-	-	48,625	52,586	48,625	52,586
Waterworks and sewerage						
Operations	-	-	850,164	789,031	850,164	789,031
Total Expenses	<u>3,356,302</u>	<u>3,315,981</u>	<u>898,789</u>	<u>841,617</u>	<u>4,255,091</u>	<u>4,157,598</u>
Change in net position	562,313	636,075	20,940	72,245	583,253	708,320
Net Position—beginning of year	<u>11,872,239</u>	<u>11,236,164</u>	<u>2,331,943</u>	<u>2,259,693</u>	<u>14,204,177</u>	<u>13,495,857</u>
Net Position—end of year	<u>\$12,434,552</u>	<u>\$11,872,239</u>	<u>\$ 2,352,883</u>	<u>\$ 2,331,938</u>	<u>\$ 14,787,430</u>	<u>\$ 14,204,177</u>

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

Governmental Activities: Revenues from governmental activities decreased \$33,400 (0.85%) during the current year. The most significant changes were:

- Income Tax Revenue decreased \$64,400.
- Property tax revenue increased \$85,000.
- Other General Revenue decreased \$44,600. 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 \$40,300 (1.22%). The most significant changes were:

- Economic Development expenses decreased \$232,600.
- City Parks & Buildings expenses increased \$101,100.
- General Government expenses increased \$117,600.

Business-Type Activities: Revenues increased slightly during the year. Expenses increased \$57,200.

Financial Analysis of the Government 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 \$177,800 for the 2017 fiscal year, and the total balance as of April 30, 2017 was \$7.3 million. Of this amount, \$4.1 million is unrestricted and is available for spending at the City's discretion. Restricted fund balances total \$3.2 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 \$177,800 in the combined fund balances of the governmental funds was due primarily to the \$117,200 increase in the General Fund, the \$41,000 increase in the Fire Protection Fund, and the \$52,800 increase in the TIF Funds.

The General Fund is the primary operating fund of the City. The \$4.1 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 197.07% of total fund expenditures for the fiscal year ended April 30, 2017.

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 increased \$20,900. Operating Revenues decreased \$12,100 from the prior year, while expenses decreased \$16,500; however, net position invested in capital assets increased \$321,800. The current year increase in net position is about \$51,300 lesser 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, 2017, was \$7.37 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 \$1.04 million (an increase of \$447,000 after depreciation) in the governmental funds, and \$86,800 (a decrease of \$57,700 after depreciation) in the enterprise fund.

Current year additions in the governmental funds consisted primarily of infrastructure improvements (street resurfacing, patching and crack sealing), land acquisition and equipment, in the combined amount of \$935,900.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and improvements	\$1,295,359	\$ 963,829	\$ -	\$ -	\$ 1,295,359	\$ 963,829
Buildings and grounds	796,764	766,036	-	-	796,764	766,036
Infrastructure	1,439,336	1,367,781	2,821,458	2,879,185	4,260,794	4,246,966
Equipment	478,147	366,316	-	-	478,147	366,316
Vehicles	538,641	637,250	-	-	538,641	637,250
Total	\$4,548,247	\$4,101,212	\$ 2,821,458	\$ 2,879,185	\$ 7,369,705	\$ 6,980,397
	=====	=====	=====	=====	=====	=====

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. The primary infrastructure project was overlay on Third Street; additionally, the sidewalk and curb was replaced at the Police Station. In the Central Business District TIF Fund, property on Ash Street and First Street was acquired for future development.

Water/Sewer Department

The project of installing new radio-read meters is still in progress. Repairs were made to the scada system.

Road & Bridge Department

It was a steady year for sidewalk growth and replacement as the city processed fourteen applications for the sidewalk program. Approximately 55% of the money allocated was used. The City purchased a new street sweeper during the fiscal year. Several miles of roadway on Cloverdale Road was surfaced and sealcoated.

During the year, a drainage project was initiated on Truitt Road, and, the first phase was completed. The first phase involved expanding the drainage to the west and connecting drywells.

A second Safe Routes to School grant, obtained in the prior fiscal year, for the installation of a new sidewalk by South School, was completed during the fiscal year ending April 30, 2017.

General and Miscellaneous Funds

The replacement of windows at City Hall was completed during the fiscal year. Cemetery software was updated; this updated software allows for burial-lookup capability online. Also, a cremation burial area was established at the cemetery, and, the cemetery fence was replaced. At Riversound Park, a drinking fountain was installed. At the City Fire Station, the parking lot was repaired and overlaid.

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, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 6,568,479	\$ 469,154	\$ 7,037,633
Accounts receivable	-	74,207	74,207
Inventories	-	15,646	15,646
Total Current Assets	6,568,479	559,007	7,127,486
Noncurrent Assets:			
Other receivables:			-
Interest	-	-	-
Taxes	1,451,594	-	1,451,594
Loans	423,085	-	423,085
Due from other funds	-	-	-
Restricted assets	-	143,997	143,997
Capital assets, net			
Assets subject to depreciation	3,252,888	2,821,458	6,074,346
Assets not subject to depreciation	1,295,359	-	1,295,359
Total Noncurrent Assets	6,422,926	2,965,455	9,388,381
 Total Assets	 12,991,405	 3,524,462	 16,515,867
LIABILITIES			
Current Liabilities:			
Accounts payable	49,649	24,524	74,173
Accrued and other liabilities	-	44,053	44,053
Due to other funds	(5,550)	5,550	-
Notes and bonds payable, current portion	12,500	101,966	114,466
Total Current Liabilities	56,599	176,093	232,692
Noncurrent Liabilities:			
Compensated absences	212,533	-	212,533
Notes and bonds payable, noncurrent portion	287,721	995,486	1,283,207
Total Noncurrent Liabilities	500,254	995,486	1,495,740
 Total Liabilities	 556,853	 1,171,579	 1,728,432
NET POSITION			
Invested in capital assets - net of related debt	4,248,026	1,724,006	5,972,032
Restricted for:			
Construction	-	143,997	143,997
Streets and Sidewalks	297,881	-	297,881
Public Safety	632,041	-	632,041
Community Development	2,904,898	-	2,904,898
Other Specific Purposes	428,017	-	428,017
Unrestricted	3,923,689	484,880	4,408,569
Total Net Position	\$ 12,434,552	\$ 2,352,883	\$ 14,787,435

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, 2017

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	\$ 757,080	\$ 35,059	\$ -	\$ -	\$ (722,021)	\$ -	\$ (722,021)
Public safety	1,554,818	67,387	-	-	(1,487,431)	-	(1,487,431)
Cemetery	58,506	45,105	-	-	(13,401)	-	(13,401)
City parks and buildings	207,774	-	-	-	(207,774)	-	(207,774)
Streets and alleys	621,322	26,402	-	-	(594,920)	-	(594,920)
Economic development	156,802	-	-	-	(156,802)	-	(156,802)
Debt Service	-	-	-	-	-	-	-
Total Governmental Activities	<u>3,356,302</u>	<u>173,953</u>	<u>-</u>	<u>-</u>	<u>(3,182,349)</u>	<u>-</u>	<u>(3,182,349)</u>
Business-Type Activities:							
Water & Sewer	<u>898,789</u>	<u>912,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,961</u>	<u>13,961</u>
Total Business-Type Activities	<u>898,789</u>	<u>912,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,961</u>	<u>13,961</u>
Total Primary Government	<u>\$ 4,255,091</u>	<u>\$ 1,086,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,182,349)</u>	<u>13,961</u>	<u>(3,168,388)</u>
General Revenues:							
Property taxes					1,097,619	-	1,097,619
Replacement tax					8,938	-	8,938
Telecommunications Taxes					174,208	-	174,208
Sales Taxes					1,007,321	-	1,007,321
Income Taxes					725,305	-	725,305
Gaming & Entertainment Taxes					168,109	-	168,109
Motor Fuel Taxes					154,538	-	154,538
Franchise fees and assessments					98,668	-	98,668
Licenses and fees					110,385	-	110,385
Interest					36,003	2,446	38,449
Miscellaneous					<u>163,568</u>	<u>4,533</u>	<u>168,101</u>
Total General Revenues					<u>3,744,662</u>	<u>6,979</u>	<u>3,751,641</u>
Change in Net Position					562,313	20,940	583,253
Net Position - Beginning of Year					<u>11,872,239</u>	<u>2,331,943</u>	<u>14,204,182</u>
Net Position - End of Year					<u>\$ 12,434,552</u>	<u>\$ 2,352,883</u>	<u>\$ 14,787,435</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, 2017

	<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	\$ 3,796,545	\$ 568,687	\$ 114,918	\$ 261,281	\$ 1,283,574	\$ 543,474	\$ 6,568,479
Due from (to) other funds	5,550	(1,348)	-	-	1,348	-	5,550
Other receivables:							
Taxes	371,945	-	69,700	54,200	621,100	334,649	1,451,594
Loans	-	333,671	-	-	89,414	-	423,085
	<u>4,174,040</u>	<u>901,010</u>	<u>184,618</u>	<u>315,481</u>	<u>1,995,436</u>	<u>878,123</u>	<u>8,448,708</u>
<u>LIABILITIES</u>							
Accounts payable	37,818	-	9,174	-	-	2,657	49,649
Accrued and other liabilities	-	-	-	-	-	-	-
Deferred revenues	36,200	-	69,700	54,200	621,100	321,300	1,102,500
	<u>74,018</u>	<u>-</u>	<u>78,874</u>	<u>54,200</u>	<u>621,100</u>	<u>323,957</u>	<u>1,152,149</u>
<u>FUND BALANCES</u>							
Unreserved, reported in:							
General Fund:							
Undesignated	4,100,022	-	-	-	-	-	4,100,022
Special Revenue Funds:							
Undesignated	-	901,010	105,744	261,281	1,374,336	554,166	3,196,537
	<u>4,100,022</u>	<u>901,010</u>	<u>105,744</u>	<u>261,281</u>	<u>1,374,336</u>	<u>554,166</u>	<u>7,296,559</u>
Total Fund Balances	<u>4,100,022</u>	<u>901,010</u>	<u>105,744</u>	<u>261,281</u>	<u>1,374,336</u>	<u>554,166</u>	<u>7,296,559</u>
Total Liabilities and Fund Balances	<u>\$ 4,174,040</u>	<u>\$ 901,010</u>	<u>\$ 184,618</u>	<u>\$ 315,481</u>	<u>\$ 1,995,436</u>	<u>\$ 878,123</u>	<u>\$ 8,448,708</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, 2017

Total Fund Balances for Governmental Funds \$ 7,296,559

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. 1,102,500

Loan proceeds reflected as prior year revenue in fund are carried as a liability in the Statement of Net Position. (175,000)

Current year Government Activity borrowings are carried as a liability in the Statement of Net Position. (137,721)

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 4,548,247

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. (212,533)

Net Position of Governmental Activities \$ 12,434,552

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, 2017

	Major Special Revenue Funds					Nonmajor Special Revenue Funds	Total Governmental Funds
	General	Economic Development	Road and Bridge	Fire Protection	TIF Fund		
Revenues							
Property taxes	\$ 36,056	\$ -	\$ 66,882	\$ 49,005	\$ 553,164	\$ 308,212	\$ 1,013,319
Replacement tax	782	-	515	1,068	-	6,573	8,938
Telecommunications tax	-	-	174,208	-	-	-	174,208
Sales Taxes	988,241	-	-	-	-	19,080	1,007,321
Income Taxes	725,305	-	-	-	-	-	725,305
Gaming & Entertainment Taxes	168,109	-	-	-	-	-	168,109
Motor Fuel Tax	-	-	-	-	-	154,538	154,538
Franchise fee	98,668	-	-	-	-	-	98,668
Grant Revenue	-	-	-	-	-	-	-
Fees & assessments	133,485	-	26,402	8,070	-	71,276	239,233
Cemetery income	45,105	-	-	-	-	-	45,105
Interest	17,898	6,885	425	663	7,543	2,589	36,003
Miscellaneous	134,056	-	10,375	-	-	19,137	163,568
Total Revenues	<u>2,347,705</u>	<u>6,885</u>	<u>278,807</u>	<u>58,806</u>	<u>560,707</u>	<u>581,405</u>	<u>3,834,315</u>
Expenditures							
Current:							
General government	390,453	-	83,227	1,141	12,524	246,330	733,675
Streets, alleys & sidewalks	-	-	333,657	-	135,949	172,912	642,518
Public safety	1,291,259	-	-	1,695	-	78,804	1,371,758
Cemetery	46,450	-	-	-	-	-	46,450
City parks & buildings	160,563	-	-	-	-	-	160,563
Economic development	81,465	-	-	-	359,470	26,882	467,817
Debt Service	-	-	-	12,500	-	-	12,500
Capital outlay	110,304	-	68,860	2,485	-	39,567	221,216
Total Expenditures	<u>2,080,494</u>	<u>-</u>	<u>485,744</u>	<u>17,821</u>	<u>507,943</u>	<u>564,495</u>	<u>3,656,497</u>
Other Financing Sources (Uses):							
Operating Transfers In (Out)	(150,000)	-	150,000	-	-	-	-
Principal Payments - Long-Term Debt	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	117,211	6,885	(56,937)	40,985	52,764	16,910	177,818
Fund Balances - Beginning 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>
Fund Balances - End of Year	<u>\$ 4,100,022</u>	<u>\$ 901,010</u>	<u>\$ 105,744</u>	<u>\$ 261,281</u>	<u>\$ 1,374,336</u>	<u>\$ 554,166</u>	<u>\$ 7,296,559</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, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 177,818

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. 84,300

Current year Government Activity borrowings are carried as a liability in the Statement of Net Position. (137,721)

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	1,041,807
Depreciation	(594,771)

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. (21,620)

Change in Net Position of Governmental Activities \$ 562,313

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, 2017

	<u>Waterworks & Sewerage Fund</u>	<u>Total</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 613,151	\$ 613,151
Accounts Receivable	74,207	74,207
Accrued Interest Receivable	-	-
Inventories	<u>15,646</u>	<u>15,646</u>
Total Current Assets	<u>703,004</u>	<u>703,004</u>
 Noncurrent Assets:		
Capital Assets	<u>2,821,458</u>	<u>2,821,458</u>
Total Noncurrent Assets	<u>2,821,458</u>	<u>2,821,458</u>
 Total Assets		
	<u>3,524,462</u>	<u>3,524,462</u>
 <u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	24,524	24,524
Customer Deposits and Prepayments	44,053	44,053
Due to other funds	<u>5,550</u>	<u>5,550</u>
Total Current Liabilities	<u>74,127</u>	<u>74,127</u>
 Noncurrent Liabilities:		
Debt Certificates, Series 2006	<u>1,097,452</u>	<u>1,097,452</u>
Total Noncurrent Liabilities	<u>1,097,452</u>	<u>1,097,452</u>
 Total Liabilities		
	<u>1,171,579</u>	<u>1,171,579</u>
 <u>NET POSITION</u>		
Investment in capital assets - Net of Related Debt	1,724,006	1,724,006
Restricted for Construction	-	-
Unrestricted	<u>628,877</u>	<u>628,877</u>
Total Net Position	<u>\$ 2,352,883</u>	<u>\$ 2,352,883</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, 2017

	<u>Waterworks & Sewerage Fund</u>	<u>Total</u>
Operating Revenue		
User charges and fees	\$ 884,750	\$ 884,750
Administration fee	28,000	28,000
Miscellaneous	<u>4,533</u>	<u>4,533</u>
Total Operating Revenue	<u>917,283</u>	<u>917,283</u>
Operating Expenses		
Salaries and wages	323,844	323,844
Employee benefits	121,121	121,121
Contractual services	34,554	34,554
Systems expense:		
Engineering	145	145
Equipment rental	10,000	10,000
Supplies and materials	24,768	24,768
Maintenance and repairs	73,083	73,083
Utilities	62,683	62,683
Vehicle Expense	6,711	6,711
General and administrative	48,697	48,697
Depreciation	<u>144,558</u>	<u>144,558</u>
Total Operating Expenses	<u>850,164</u>	<u>850,164</u>
 Operating Income (Loss)	 67,119	 67,119
Nonoperating Revenues (Expenses)		
Interest Income	2,446	2,446
Bond Interest Expense	<u>(48,625)</u>	<u>(48,625)</u>
 Total Nonoperating Revenues (Expenses)	 <u>(46,179)</u>	 <u>(46,179)</u>
 Change in Net Position	 20,940	 20,940
 Net Position - Beginning of Year	 <u>2,331,943</u>	 <u>2,331,943</u>
 Net Position - End of Year	 <u>\$ 2,352,883</u>	 <u>\$ 2,352,883</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, 2017

	<u>Waterworks & Sewerage Fund</u>	<u>Total</u>
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 879,724	\$ 879,724
Cash from miscellaneous operating sources	32,533	32,533
Payments to suppliers	(243,126)	(243,126)
Payments to employees	(323,844)	(323,844)
Payments for employee benefits	<u>(137,396)</u>	<u>(137,396)</u>
Net Cash Provided by Operating Activities	<u>207,891</u>	<u>207,891</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Water system upgrades	(86,829)	(86,829)
Proceeds from interfund borrowing	-	-
Purchase of equipment and system extensions	<u>-</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>(86,829)</u>	<u>(86,829)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest on Investments	2,447	2,447
Payment of Bond Principal and Interest	<u>(148,301)</u>	<u>(148,301)</u>
Net Cash Provided by Investing Activities	<u>(145,854)</u>	<u>(145,854)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(24,792)	(24,792)
Cash and Cash Equivalents - Beginning of Year	<u>637,943</u>	<u>637,943</u>
Cash and Cash Equivalents - End of Year	<u>\$ 613,151</u>	<u>\$ 613,151</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>		
Operating Income (Loss)	\$ 67,119	\$ 67,119
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	144,558	144,558
Changes in assets and liabilities:		
Accounts Receivable (increase) decrease	(7,358)	(7,358)
Accounts Payable increase (decrease)	<u>3,572</u>	<u>3,572</u>
Net Cash Provided by Operating Activities	<u>\$ 207,891</u>	<u>\$ 207,891</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, 2017

	<u>Police Pension Fund</u>	<u>Sanitary District Trust Fund</u>
<u>ASSETS</u>		
Cash and Investments	\$ 2,920,525	\$ -
Property Taxes Receivable	222,800	-
Accounts Receivable	-	-
Accrued Interest Receivable	2,762	-
Due from Other Funds	<u>-</u>	<u>-</u>
Total Assets	<u>3,146,087</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>\$ 3,146,087</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, 2017

	<u>Police Pension Fund</u>
Additions	
Employer Contributions:	
Property Taxes	\$ 222,103
Replacement Tax	4,735
Total Employer Contributions	<u>226,838</u>
Employee Contributions	59,490
Interest Income	34,333
Miscellaneous	<u>-</u>
Total Additions	<u>320,661</u>
Deductions	
Benefit Payments	264,557
General and Administrative	<u>1,539</u>
Total Deductions	<u>266,096</u>
Change in Net Position	54,565
Net Position - Beginning of Year	<u>3,091,522</u>
Net Position - End of Year	<u>\$ 3,146,087</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, 2017

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, 2017
(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, 2017
(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, 2017

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, 2017
(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, 2017
(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, 2017
(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, 2017, the carrying amount of the City's deposits (checking accounts) was \$425,989 and the bank balance was \$511,573. In addition, the Police Pension Fund had deposits totaling \$29,557, and the bank balance was \$29,557. 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 \$6,753,780 carried as investments and restricted assets of the primary government, \$6,506,497 was invested in Illinois Funds, \$100,000 in certificates of deposit, and \$147,283 in money market accounts. In addition, the Police Pension Fund had investments totaling \$2,890,968 which was comprised of certificates of deposit totaling \$2,774,270 and money market deposits of \$116,698.

CITY OF CHILLICOTHE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
April 30, 2017
 (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	\$ 404,022	\$ 21,967	\$ 425,989
Money Market Accts	-	147,283	147,283
Certificates of Deposit	100,000	-	100,000
Illinois Funds	<u>6,062,696</u>	<u>299,804</u>	<u>6,362,500</u>
Totals	<u>6,566,718</u>	<u>469,054</u>	<u>7,035,772</u>
Restricted Assets:			
Checking Accts	-	-	-
Illinois Funds	-	<u>143,997</u>	<u>143,997</u>
Totals	-	<u>143,997</u>	<u>143,997</u>
City Totals	<u>\$ 6,566,718</u>	<u>\$ 613,051</u>	<u>\$ 7,179,769</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 2016 taxes for Peoria County residents is June 6, 2017. The latest dates for payment without penalty are June 6 and September 6.

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 6, 2017.

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2017
 (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	\$ 371,945	\$ -0-	\$ 745,000	\$ 334,649	\$ 1,451,594
Accounts	-0-	74,207	-0-	-0-	74,207
Loans	<u>-0-</u>	<u>-0-</u>	<u>462,345</u>	<u>-0-</u>	<u>462,345</u>
Net Receivables	<u>\$ 371,945</u>	<u>\$ 74,207</u>	<u>\$1,207,345</u>	<u>\$ 334,649</u>	<u>\$ 1,988,146</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 \$423,085. Interest rates vary from 0.25% to 5.75% with repayment terms of three to ten years. Of the \$423,085 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.

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2017
(Continued)

Note 5: Capital Assets

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

	<u>Balance</u> <u>April 30, 2016</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>April 30, 2017</u>
Business-Type Activity:				
Capital assets being depreciated:				
Construction in Process	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Water System	5,012,169	36,009	-0-	5,048,178
Water Meters	400,380	50,820	(32,168)	419,032
Operating Equipment	160,395	-0-	-0-	160,395
Vehicles	223,313	-0-	-0-	223,313
Office Equipment	20,226	-0-	-0-	20,226
Subtotal	<u>5,816,483</u>	<u>86,829</u>	<u>(32,168)</u>	<u>5,871,144</u>
Accumulated depreciation:				
Construction in Process	-0-	-0-	-0-	-0-
Water System	2,432,870	91,639	-0-	2,524,509
Water Meters	177,548	41,463	(32,168)	186,843
Operating Equipment	154,542	1,284	-0-	155,826
Vehicles	152,112	10,172	-0-	162,284
Office Equipment	20,226	-0-	-0-	20,226
Subtotal	<u>2,937,298</u>	<u>144,558</u>	<u>(32,168)</u>	<u>3,049,686</u>
Net Capital Assets being Depreciated	<u>2,879,185</u>	<u>(57,729)</u>	<u>-0-</u>	<u>2,821,458</u>
Net Capital Assets	<u>\$ 2,879,185</u>	<u>\$ (57,729)</u>	<u>\$ -0-</u>	<u>\$ 2,821,458</u>

Depreciation expense for the City's business-type activity was \$144,558 for the year ended April 30, 2017.

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

	<u>Balance</u> <u>April 30, 2016</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>April 30, 2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 963,829	\$ 331,530	\$ -0-	\$ 1,295,359
Capital assets being depreciated:				
Buildings	62,626	-0-	-0-	62,626
Building Improvements	279,053	39,491	-0-	318,544
Park Improvements	810,693	35,807	-0-	846,500
Equipment	1,106,386	233,705	-0-	1,340,091
Vehicles	1,970,872	30,600	-0-	2,001,472
Infrastructure	3,462,734	370,673	-0-	3,833,407
Subtotal	<u>7,692,364</u>	<u>710,276</u>	<u>-0-</u>	<u>8,402,640</u>
Accumulated depreciation:				
Buildings	18,794	1,253	-0-	20,046
Building Improvements	84,824	11,015	-0-	95,839
Park Improvements	282,718	32,303	-0-	315,021
Equipment	740,070	121,873	-0-	861,943
Vehicles	1,333,622	129,209	-0-	1,462,831
Infrastructure	2,094,953	299,118	-0-	2,394,071
Subtotal	<u>4,554,981</u>	<u>594,771</u>	<u>-0-</u>	<u>5,149,751</u>
Net Capital Assets being Depreciated	<u>3,137,383</u>	<u>115,505</u>	<u>-0-</u>	<u>3,252,888</u>
Net Capital Assets	<u>\$ 4,101,212</u>	<u>\$ 447,035</u>	<u>\$ -0-</u>	<u>\$ 4,548,247</u>

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2017
(Continued)

Note 5: Capital Assets (continued)

Depreciation expense totaling \$594,771 was charged to governmental activities as follows:

General Government	\$ 1,786
Public Safety	183,060
Cemetery	12,056
City Parks and Buildings	47,211
Streets and Alleys	349,477
Economic Development	<u>1,181</u>
Subtotal	<u>\$ 594,771</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>
2017				\$ 1,097,452
2018	\$ 1,097,452	\$ 46,504	\$ 101,966	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>\$ 238,778</u>	<u>\$ 1,097,452</u>	

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2017
 (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	\$ 1,196,793	- 0 -	\$ 99,341	\$ 1,097,452

Note 7: Installment Loans 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.

In the current fiscal year, on May 9th, 2016, the City borrowed \$206,581 from U.S. Bank. Proceeds for the loan were used to finance the purchase of a street sweeper. The note bears interest in the rate of 2.550%, and is to be repaid in three annual installments of \$68,860. The final payment is due on or before May 9, 2018.

Current year activity relating to the Installment Loans are 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	\$ 175,000	\$ - 0 -	\$ 12,500	\$ 162,500
Road & Bridge Fund	-0-	<u>206,581</u>	<u>68,860</u>	<u>137,721</u>
Totals	<u>\$ 175,000</u>	<u>\$ 206,581</u>	<u>\$ 81,360</u>	<u>\$ 300,221</u>

Note 8: Interfund Transfers

The City had no interfund transfers for the year ended April 30, 2017.

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.

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2017
(Continued)

Note 10: Deferred Compensation Plan (Continued):

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, 2017 and 2016 were \$37,652 and \$34,593 respectively.

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, 2017
 (Continued)

Note 11: Pension Plan (Continued):

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

Annual Pension Cost	\$ 264,557
Contribution Made	282,068
Actuarial Valuation Date	5/1/2014
Actuarial Cost Method	Entry Age/Normal Cost
Amortization Method	Level % of Payroll Closed Basis
Remaining Amortization	24 years
Interest Rate Assumption	6.00%
Salary Progression Assumption	4.5%
Unfunded Accrued Liability	\$ 1,886,532

Employee contributions for the year were \$59,490.

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 \$245,721 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, 2017, none of the City funds had a deficit fund balance.

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2017
(Continued)

Note 15: Budgetary Compliance

During the years ended April 30, 2017 and 2016, 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
November 30, 2017

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
For the Year Ended April 30, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ 60,000	\$ 204,165	\$ 144,165
State Taxes	1,340,500	1,714,328	373,828
State Grants	-	-	-
Licenses, fines and permits	91,000	131,835	40,835
Franchise fee	92,000	98,668	6,668
Cemetery income	25,600	45,105	19,505
Interest	500	17,898	17,398
Miscellaneous	98,800	135,706	36,906
Other financing sources - fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>1,708,400</u>	<u>2,347,705</u>	<u>639,305</u>
Charges to Appropriation (Outflows):			
General & Administrative	947,400	390,453	(556,947)
Public Safety	1,495,050	1,291,259	(203,791)
Cemetery	156,700	46,450	(110,250)
City Parks & Buildings	263,600	160,563	(103,037)
Economic Development	130,100	81,465	(48,635)
Capital Outlay	1,187,000	110,304	(1,076,696)
Operating Transfers Out	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Total Charges to Appropriations	<u>4,179,850</u>	<u>2,230,494</u>	<u>(1,949,356)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	3,982,811	3,982,811	-
Change in Fund Balance	<u>(2,471,450)</u>	<u>117,211</u>	<u>2,588,661</u>
Fund Balance - End of Year	<u>\$ 1,511,361</u>	<u>\$ 4,100,022</u>	<u>\$ 2,588,661</u>

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 ECONOMIC DEVELOPMENT FUND
For the Year Ended April 30, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ -	\$ -	\$ -
Interest	-	6,885	6,885
Miscellaneous	-	-	-
Other financing sources - fund balance	<u>490,000</u>	<u>-</u>	<u>(490,000)</u>
Amounts available for appropriation	<u>490,000</u>	<u>6,885</u>	<u>(483,115)</u>
Charges to Appropriation (Outflows):			
Economic Development	35,900	-	(35,900)
Capital Outlay	<u>454,100</u>	<u>-</u>	<u>454,100</u>
Total Charges to Appropriations	<u>490,000</u>	<u>-</u>	<u>418,200</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	894,125	894,125	-
Change in Fund Balance	<u>-</u>	<u>6,885</u>	<u>6,885</u>
Fund Balance - End of Year	<u>\$ 894,125</u>	<u>\$ 901,010</u>	<u>\$ 6,885</u>

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 ROAD AND BRIDGE FUND
For the Year Ended April 30, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ 55,000	\$ 67,397	\$ 12,397
Equipment Rental	-	-	-
Tonnage Fees	18,000	26,402	8,402
Telecommunications Tax	185,000	174,208	(10,792)
Interest	-	425	425
Miscellaneous	-	10,375	10,375
Operating Transfers In	-	150,000	150,000
Other financing sources - fund balance	<u>1,016,119</u>	<u>-</u>	<u>(1,016,119)</u>
Amounts available for appropriation	<u>1,274,119</u>	<u>428,807</u>	<u>(845,312)</u>
Charges to Appropriation (Outflows):			
General & Administrative	107,500	83,227	(24,273)
Streets, Alleys & Sidewalks	1,049,300	333,657	(715,643)
Capital Outlay	<u>280,000</u>	<u>68,860</u>	<u>(211,140)</u>
Total Charges to Appropriations	<u>1,436,800</u>	<u>485,744</u>	<u>(951,056)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	162,681	162,681	-
Change in Fund Balance	<u>(162,681)</u>	<u>(56,937)</u>	<u>105,744</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 105,744</u>	<u>\$ 105,744</u>

CITY OF CHILLICOTHE, ILLINOIS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
For the Year Ended April 30, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ 49,170	\$ 50,073	\$ 903
Interest	-	663	663
Miscellaneous	-	-	-
Grant revenue	-	8,070	8,070
Operating transfers in	-	-	-
Other financing sources - fund balance	<u>92,534</u>	<u>-</u>	<u>(92,534)</u>
Amounts available for appropriation	<u>141,704</u>	<u>58,806</u>	<u>(82,898)</u>
Charges to Appropriation (Outflows):			
General & Administrative	21,000	1,141	(19,859)
Public Safety	36,000	1,695	(34,305)
Debt Service	15,000	12,500	(2,500)
Capital Outlay	<u>290,000</u>	<u>2,485</u>	<u>(287,515)</u>
Total Charges to Appropriations	<u>362,000</u>	<u>17,821</u>	<u>(344,179)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	220,296	220,296	-
Change in Fund Balance	<u>(220,296)</u>	<u>40,985</u>	<u>261,281</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 261,281</u>	<u>\$ 261,281</u>

CITY OF CHILLICOTHE, ILLINOIS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
TAX INCREMENT FINANCING (TIF) FUND
For the Year Ended April 30, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
Resources (Inflows):			
Local Taxes	\$ 455,000	\$ 553,164	\$ 98,164
Interest	-	7,543	7,543
Miscellaneous	-	-	-
Other financing sources - fund balance		<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>455,000</u>	<u>560,707</u>	<u>105,707</u>
Charges to Appropriation (Outflows):			
General & Administrative	1,033,100	12,524	(1,020,576)
Streets & Alleys	358,500	135,949	(222,551)
Economic Development	1,209,000	359,470	(849,530)
Debt Service	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>2,600,600</u>	<u>507,943</u>	<u>(2,092,657)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	1,321,572	1,321,572	-
Change in Fund Balance	<u>(2,145,600)</u>	<u>52,764</u>	<u>2,198,364</u>
Fund Balance - End of Year	<u>\$ (824,028)</u>	<u>\$ 1,374,336</u>	<u>\$ 2,198,364</u>

CITY OF CHILLICOTHE, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
April 30, 2017

	<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	\$ 19,105	\$ 488	\$ 411	\$ 1,565	\$ 886	\$ 5,707	\$ 794	\$ 28,956
Investments	251,666	108,600	5,935	5,015	32,721	102,923	7,658	514,518
Taxes receivable	40,600	13,349	1,500	139,200	15,000	125,000	-	334,649
Due from other funds	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
	<u>311,371</u>	<u>122,437</u>	<u>7,846</u>	<u>145,780</u>	<u>48,607</u>	<u>233,630</u>	<u>8,452</u>	<u>878,123</u>
<u>LIABILITIES AND FUND BALANCE</u>								
Liabilities:								
Accounts payable	2,657	-	-	-	-	-	-	2,657
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	40,600	-	1,500	139,200	15,000	125,000	-	321,300
	<u>43,257</u>	<u>-</u>	<u>1,500</u>	<u>139,200</u>	<u>15,000</u>	<u>125,000</u>	<u>-</u>	<u>323,957</u>
Total Liabilities								
Fund Balance	<u>268,114</u>	<u>122,437</u>	<u>6,346</u>	<u>6,580</u>	<u>33,607</u>	<u>108,630</u>	<u>8,452</u>	<u>554,166</u>
Total Liabilities and Fund Balance	<u>\$ 311,371</u>	<u>\$ 122,437</u>	<u>\$ 7,846</u>	<u>\$ 145,780</u>	<u>\$ 48,607</u>	<u>\$ 233,630</u>	<u>\$ 8,452</u>	<u>\$ 878,123</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, 2017

	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	\$ 40,428	\$ -	\$ 1,493	\$ 127,266	\$ 14,949	\$ 124,076	\$ -	\$ 308,212
Telecommunications tax	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	19,080	19,080
Motor Fuel Tax	-	154,538	-	-	-	-	-	154,538
Replacement tax	881	-	34	2,695	326	2,637	-	6,573
Grant revenue	-	-	-	-	-	-	-	-
Interest	1,242	512	27	114	167	480	47	2,589
Equipment rental	-	-	-	-	-	-	-	-
Fees & Assessments	71,276	-	-	-	-	-	-	71,276
Miscellaneous	18,502	12	-	-	-	-	623	19,137
Total Revenues	<u>132,329</u>	<u>155,062</u>	<u>1,554</u>	<u>130,075</u>	<u>15,442</u>	<u>127,193</u>	<u>19,750</u>	<u>581,405</u>
<u>Expenditures</u>								
Current:								
General Government	-	-	-	134,910	15,250	96,170	-	246,330
Streets, alleys & Sidewalks	-	172,912	-	-	-	-	-	172,912
Public Safety	77,760	-	1,044	-	-	-	-	78,804
Economic Development	-	-	-	-	-	-	26,882	26,882
Capital Expenditures	39,567	-	-	-	-	-	-	39,567
Total Expenditures	<u>117,327</u>	<u>172,912</u>	<u>1,044</u>	<u>134,910</u>	<u>15,250</u>	<u>96,170</u>	<u>26,882</u>	<u>564,495</u>
Excess of Revenues Over (Under) Expenditures	<u>15,002</u>	<u>(17,850)</u>	<u>510</u>	<u>(4,835)</u>	<u>192</u>	<u>31,023</u>	<u>(7,132)</u>	<u>16,910</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	15,002	(17,850)	510	(4,835)	192	31,023	(7,132)	16,910
Fund Balance, Beginning	<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>
Fund Balance, Ending	<u>\$ 268,114</u>	<u>\$ 122,437</u>	<u>\$ 6,346</u>	<u>\$ 6,580</u>	<u>\$ 33,607</u>	<u>\$ 108,630</u>	<u>\$ 8,452</u>	<u>\$ 554,166</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, 2017

<u>Revenues</u>	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
State and Federal Revenue:			
Income taxes	\$ 510,000	\$ 576,318	\$ 66,318
Sales tax	740,000	988,241	248,241
Local Use tax	90,000	148,987	58,987
Personal property replacement tax	500	782	282
State grant	-	-	-
	<u>1,340,500</u>	<u>1,714,328</u>	<u>373,828</u>
Local Taxes:			
Property Tax	36,174	36,056	(118)
Entertainment Tax	55,000	80,805	25,805
Video Gaming Tax	<u>60,000</u>	<u>87,304</u>	<u>27,304</u>
	<u>151,174</u>	<u>204,165</u>	<u>52,991</u>
Other Local Revenues:			
Licenses	18,000	24,920	6,920
Aggregation Fee	25,000	29,389	4,389
Fines	65,000	67,387	2,387
Permits and zoning fees	8,000	10,139	2,139
Cemetery lot sales	11,000	18,750	7,750
Cemetery grave openings	14,000	25,450	11,450
Cemetery foundation permits	600	905	305
Rentals	1,800	1,650	(150)
Cable TV franchise	92,000	98,668	6,668
Interest	500	17,898	17,398
Expense reimbursements	97,000	110,818	13,818
Donations	-	-	-
Miscellaneous	<u>-</u>	<u>23,238</u>	<u>23,238</u>
	<u>332,900</u>	<u>429,212</u>	<u>96,312</u>
Total Revenues	<u>\$ 1,824,574</u>	<u>\$ 2,347,705</u>	<u>\$ 523,131</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Official salaries -			
Mayor and Aldermen	\$ 40,000	\$ 33,620	\$ 6,380
City Clerk	15,000	12,000	3,000
City Treasurer	5,500	3,300	2,200
Office Manager	44,000	39,604	4,396
Zoning Officer	5,200	4,020	1,180
Building Code Inspector	16,000	-	16,000
Plat Officer	5,000	-	5,000
City Collector	14,000	8,385	5,615
Deputy - City Clerk	10,000	-	10,000
Liquor Commissioner	500	280	220
	<u>155,200</u>	<u>101,209</u>	<u>53,991</u>
Wages - Office	24,000	18,857	5,143
Wages - Part-time Office	17,000	7,356	9,644
Telephone expense	11,000	5,634	5,366
Dues & Subscriptions	4,800	1,951	2,849
Postage expense	4,000	472	3,528
Printing expense	3,000	175	2,825
Garbage disposal	10,000	3,931	6,069
Check printing & bank service charge	3,000	69	2,931
Miscellaneous	36,000	5,859	30,141
Employee Deferred Compensation	6,000	4,106	1,894
Social security retirement expense	-	-	-
Uniform expense	700	550	150
Operating supplies	8,000	3,653	4,347
Office Equipment	12,000	1,590	10,410
Legal services	150,000	65,406	84,594
Engineer fees	35,000	5,395	29,605
Street light expense	60,000	53,208	6,792
Travel & Entertainment	5,000	1,584	3,416
Convention, seminars & workshops	20,000	8,175	11,825
Election expense	-	-	-
Community Planning	10,000	1,271	8,729
Zoning Board expense	2,500	551	1,949
Board of Fire & Police Commission	12,000	6,553	5,447
Ambulance provider fee	75,000	37,500	37,500
Codification of Ordinances	10,000	4,577	5,423
Contingency Fund	40,000	-	40,000
Special Civic Activities	15,000	175	14,825
Public Official Bonds	3,000	45	2,955
Maintenance & Repair - Equipment	10,000	2,778	7,222
Insurance - Employee Benefit Group	28,000	28,003	(3)
Insurance - Unemployment	50,000	-	50,000
Insurance - General Coverage	22,000	4,494	17,506
Tree City, USA	5,000	1,098	3,902
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, 2017
(Continued)

	<u>Original/ Final Budget</u>	<u>2017 Actual</u>	<u>Variance with Final Budget</u>
<u>Expenditures: (Continued)</u>			
Current:			
General Government:			
Publication - Bids and Elections	-	1,627	(1,627)
Publication - Ordinance	5,000	127	4,873
Publication - Other	6,000	-	6,000
Professional Service Fee	15,000	9,200	5,800
Computer Software and Training	16,200	2,500	13,700
Annual Audit	3,000	-	3,000
Random Testing	5,000	774	4,226
Annexation incentive	50,000	-	50,000
	<u>792,200</u>	<u>289,244</u>	<u>502,956</u>
Total General Government	<u>947,400</u>	<u>390,453</u>	<u>556,947</u>
Public Safety:			
Police Department:			
Police Chief - Salary	80,000	78,486	1,514
Police Labor - Wages	825,000	805,966	19,034
Deferred Compensation	10,000	3,144	6,856
Health Insurance	261,000	243,216	17,784
Uniform Expense	12,000	10,569	1,431
Gas and Oil	60,000	24,916	35,084
Telephone	14,000	12,312	1,688
Rental - Equipment	-	-	-
Dues and Subscriptions	5,000	1,754	3,246
Printing Expense	2,500	1,659	841
Miscellaneous	23,000	559	22,441
Office Supplies & Postage	7,000	3,506	3,494
Office Equipment	12,000	6,417	5,583
Travel Expense	-	-	-
Training Schools & Tuitions	-	-	-
Maintenance & Repair - Equipment	13,000	6,278	6,722
Maintenance & Repair - Vehicles	16,000	8,207	7,793
Animal Control Services	15,000	12,259	2,741
Jail Fees	-	-	-
	<u>1,355,500</u>	<u>1,219,248</u>	<u>136,252</u>
Fire Department:			
Fire Labor - Part-Time Office	9,000	7,950	1,050
Uniform Expense	37,550	15,160	22,390
Automobile Expense - Fire Chief	1,000	-	1,000
Utilities - Heating & Lighting	20,000	11,518	8,482
Gas and Oil	7,000	3,244	3,756
Telephone & Internet	11,000	6,632	4,368
Miscellaneous	21,500	799	20,701
Supplies	1,500	1,023	477
Maintenance & Repair - Equipment	10,000	17,978	(7,978)
Maintenance & Repair - Vehicles	20,000	7,707	12,293
Department Restructuring	-	-	-
Insurance - Vehicles and Other	-	-	-
Conventions & Seminars	1,000	-	1,000
	<u>139,550</u>	<u>72,011</u>	<u>67,539</u>
Total Public Safety	<u>1,495,050</u>	<u>1,291,259</u>	<u>203,791</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, 2017
(Continued)

	<u>Original/ Final Budget</u>	<u>2017 Actual</u>	<u>Variance with Final Budget</u>
<u>Expenditures: (Continued)</u>			
Current:			
Cemetery:			
Wages - Cemetery Labor	50,900	35,325	15,575
Gas and Oil	6,000	2,193	3,807
Miscellaneous	2,000	-	2,000
Supplies - Materials	12,400	3,196	9,204
Equipment - Operating	2,000	-	2,000
Equipment Rental	-	-	-
Engineer Fees	3,000	-	3,000
Trees, Shrubs, Sod & Seed	3,000	-	3,000
Maintenance & Repair - Equipment	6,000	2,994	3,006
Maintenance & Repair - Grave Stones	3,000	600	2,400
Maintenance & Repair - Fence	40,000	-	40,000
Maintenance & Repair - Vehicles	2,500	782	1,718
Maintenance & Repair - Streets	3,000	-	3,000
Maintenance & Repair - Building	3,000	686	2,314
Tree & Stump Removal	2,000	-	2,000
Telephone	700	61	639
Office Supplies & Software	8,000	-	8,000
Cemetery Records System	-	-	-
Unemployment Insurance	8,000	-	8,000
Employee Deferred Compensation	1,200	613	587
Total Cemetery	<u>156,700</u>	<u>46,450</u>	<u>110,250</u>
City Parks and Buildings:			
City Parks:			
Wages - Parks Labor	34,500	24,294	10,206
Deferred Compensation	1,000	529	471
Gas and Oil	5,000	2,181	2,819
Tree & Stump Removal	1,000	-	1,000
Miscellaneous	1,000	-	1,000
Supplies - Materials	3,000	1,350	1,650
Equipment - Operating & Recreational	4,000	-	4,000
Trees, Shrubs, Sod & Seed	-	2,812	(2,812)
Maintenance & Repair - Benches/Tables	1,500	236	1,264
Maintenance & Repair - Equipment	5,000	1,995	3,005
Maintenance & Repair - Vehicles	5,000	775	4,225
Maintenance & Repair - Boat Ramp	5,000	-	5,000
Maintenance & Repair - Playground Eq.	3,000	-	3,000
Park Land Improvements	5,500	-	5,500
Rentals	2,000	1,467	533
	<u>76,500</u>	<u>35,639</u>	<u>40,861</u>
City Buildings:			
Wages - Janitor	38,000	36,001	1,999
Part-time Labor	19,000	14,059	4,941
Health Insurance	19,000	18,080	920
Utilities - Heating & Lighting	65,000	40,316	24,684
Equipment Rental	-	-	-
Uniform Expense	800	600	200
Supplies	6,000	3,999	2,001
Miscellaneous	1,000	-	1,000
Equipment - Office	-	-	-
Maintenance & Repair - Buildings	30,000	9,016	20,984
Maintenance & Repair - Equipment	1,500	-	1,500
Maintenance & Repair - Parks	3,500	341	3,159
Professional Services	-	-	-
Employee Deferred Compensation	2,400	1,792	608
Car Allowance	900	720	180
	<u>187,100</u>	<u>124,924</u>	<u>62,176</u>
Total Parks and Buildings	<u>263,600</u>	<u>160,563</u>	<u>103,037</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, 2017
(Continued)

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures:</u> (Continued)			
Current:			
Economic Development:			
Wages - Director	60,000	53,384	6,616
Telephone	1,500	979	521
Miscellaneous	3,000	-	3,000
Office Equipment & Supplies	3,500	393	3,107
Travel Expense	3,000	630	2,370
Uniform Expense	700	550	150
Seminars/Workshops	2,000	99	1,901
Dues & Subscriptions	500	75	425
Postage expense	1,000	-	1,000
Unemployment	6,000	-	6,000
Maintenance & Repair - Equipment	1,200	-	1,200
Professional Services	4,000	-	4,000
Insurance - Employees	18,500	18,080	420
Deferred Compensation	3,400	2,483	917
Façade Program	11,000	3,500	7,500
Engineering	5,000	-	5,000
Promotional material	5,800	1,292	4,508
	<u>130,100</u>	<u>81,465</u>	<u>48,635</u>
Total Economic Development			
	<u>130,100</u>	<u>81,465</u>	<u>48,635</u>
Total Current Expenditures	<u>2,992,850</u>	<u>1,970,190</u>	<u>1,022,660</u>
Capital Expenditures:			
Administrative	90,000	-	90,000
Police Department	44,000	-	44,000
Fire Department	262,000	7,844	254,156
Cemetery and Parks	141,000	62,969	78,031
Buildings Department	650,000	39,491	610,509
Debt Service:	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures Before Other Financing Sources (Uses)	<u>4,179,850</u>	<u>2,080,494</u>	<u>2,099,356</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	(2,355,276)	267,211	2,622,487
Other Financing Sources (Uses):			
Operating transfers In	-	-	-
Operating transfers Out	(400,000)	(150,000)	(550,000)
	<u>(400,000)</u>	<u>(150,000)</u>	<u>(550,000)</u>
Excess of Revenues Over Expenditures	<u>\$ (1,955,276)</u>	117,211	<u>\$ 2,072,487</u>
Fund Balance, Beginning		<u>3,982,811</u>	
Fund Balance, Ending		<u>\$ 4,100,022</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property taxes	\$ 40,560	\$ 40,428	\$ (132)
Replacement tax	-	881	881
Fines	-	6,776	6,776
Grants	-	-	-
Vehicle Impoundment	55,000	64,500	9,500
Interest	-	1,242	1,242
Miscellaneous	<u>37,000</u>	<u>18,502</u>	<u>(18,498)</u>
 Total Revenues	 <u>132,560</u>	 <u>132,329</u>	 <u>(231)</u>
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Public Safety:			
Wages - School Resource Officer	59,000	39,734	19,266
Employee Health Insurance	18,200	3,477	14,723
Uniform Expense	6,000	2,800	3,200
LEADS Program	9,000	1,837	7,163
Training Schools	12,000	6,444	5,556
Supplies	3,000	-	3,000
Jail Fees	10,000	9,054	946
Dues & Subscriptions	4,000	2,822	1,178
Maintenance & Repairs	21,100	6,697	14,403
K-9 Expenses	10,000	4,825	5,175
Miscellaneous	<u>7,000</u>	<u>70</u>	<u>6,930</u>
Total Public Safety	<u>159,300</u>	<u>77,760</u>	<u>81,540</u>
Capital:			
Equipment	35,000	8,967	26,033
Police car purchases	<u>55,000</u>	<u>30,600</u>	<u>24,400</u>
Total Capital	<u>90,000</u>	<u>39,567</u>	<u>50,433</u>
Total Expenditures	<u>249,300</u>	<u>117,327</u>	<u>131,973</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (116,740)</u>	15,002	<u>\$ 131,742</u>
Fund Balance, Beginning		<u>253,112</u>	
Fund Balance, Ending		<u>\$ 268,114</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Motor Fuel Tax Allotments	\$ 150,000	\$ 154,538	\$ 4,538
State Grants	-	-	-
Miscellaneous	-	12	12
Interest Income	-	<u>512</u>	<u>512</u>
 Total Revenues	 <u>150,000</u>	 <u>155,062</u>	 <u>5,062</u>
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Current:			
Wages	\$ -	-	\$ -
Equipment Rental	-	-	-
Culverts	8,000	-	8,000
Sealcoating and Crack Filling	205,000	34,905	170,095
Sidewalks	10,000	-	10,000
Manhole Rings	3,000	172	2,828
Patch and Aggregate	-	105,421	(105,421)
Traffic Control and Signing	-	-	-
Salt & Cinders	30,000	17,705	12,295
Miscellaneous	1,000	-	1,000
Fill Sand & Gravel	10,000	4,861	5,139
Street Signs	6,000	-	6,000
Line Marker Paint	5,000	-	5,000
Overlay	-	-	-
Engineering	<u>40,000</u>	<u>9,848</u>	<u>30,152</u>
 Total Expenditures	 <u>318,000</u>	 <u>172,912</u>	 <u>145,088</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (168,000)</u>	(17,850)	<u>\$ 150,150</u>
<u>Fund Balance, Beginning</u>		<u>140,287</u>	
 <u>Fund Balance, Ending</u>		 <u>\$ 122,437</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 55,000	\$ 66,882	\$ 11,882
Replacement Tax	-	515	515
Equipment Rental	-	-	-
Tonnage Fees	18,000	26,402	8,402
Interest	-	425	425
Stimulus Reimbursement	-	-	-
Miscellaneous	-	10,375	10,375
Telecommunication Tax	<u>185,000</u>	<u>174,208</u>	<u>(10,792)</u>
 Total Revenues	 <u>258,000</u>	 <u>278,807</u>	 <u>20,807</u>
	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
<u>Expenditures</u>			
Current:			
General Government:			
Insurance - General	-	-	-
Insurance - Employees	74,000	72,655	1,345
Insurance - Unemployment	6,000	-	6,000
Telephone	3,500	2,519	981
Bank Charges	-	-	-
Miscellaneous	5,000	582	4,418
Office Supplies	3,000	170	2,830
Deferred Compensation	15,000	7,301	7,699
Office Equipment Maintenance	<u>1,000</u>	<u>-</u>	<u>1,000</u>
 Total General Government	 <u>107,500</u>	 <u>83,227</u>	 <u>24,273</u>
Streets, Alleys & Sidewalks:			
Wages - Department Head	15,000	11,156	3,844
Wages - Labor	197,000	137,087	59,913
Gas & Oil	35,000	14,251	20,749
Equipment Rental	17,000	6,090	10,910
Fill Sand & Gravel	1,500	-	1,500
Miscellaneous	3,000	-	3,000
Supplies - Operating	10,000	4,961	5,039
Equipment - Operating	9,000	-	9,000
Trees, Shrubs, Sod & Seed	20,000	10,140	9,860
New Construction - Streets, Alleys, Sidewalks	160,000	-	160,000
Maintenance & Repair - Equipment	12,000	11,973	27
Maintenance & Repair - Vehicles	12,000	6,323	5,677
Maintenance & Repair - Dry Wells	60,000	-	60,000
Utilities - Stop Lights	10,000	7,302	2,698
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, 2017
(Continued)

	Original/ Final <u>Budget</u>	2017 <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	25,000	1,285	23,715
Maintenance & Repair - Streets, Alleys & Sidewalks	197,000	53,376	143,624
Maintenance & Repair - Street Signs & Traffic Lights	2,500	2,102	398
Uniforms	3,500	2,075	1,425
Patch	-	-	-
Snow Removal	-	-	-
Drainage Improvements	100,000	57,861	42,139
Engineering	22,000	1,160	20,840
Pest Control	7,800	6,515	1,285
	<u>1,049,300</u>	<u>333,657</u>	<u>715,643</u>
Capital:	<u>280,000</u>	<u>68,860</u>	<u>211,140</u>
	<u>1,436,800</u>	<u>485,744</u>	<u>951,056</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(1,178,800)	(206,937)	971,863
Other Financing Sources (Uses):			
Operating Transfers Out	-	-	-
Operating Transfers In	-	150,000	150,000
	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,178,800)</u>	(56,937)	<u>\$ 1,121,863</u>
<u>Fund Balance, Beginning</u>		<u>162,681</u>	
<u>Fund Balance, Ending</u>		<u>\$ 105,744</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, 2017

	<u>Original/ Final Budget</u>	<u>2017 Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 49,170	\$ 49,005	\$ (165)
Replacement Tax	-	1,068	1,068
Grant Revenue	-	-	-
Foreign Fire Insurance Tax	-	8,070	8,070
Interest Income	-	663	663
Miscellaneous Income	-	-	-
	<u>49,170</u>	<u>58,806</u>	<u>9,636</u>
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Current:			
General Government:			
Conventions and Seminars	4,000	1,141	2,859
Miscellaneous	17,000	-	17,000
Public Safety:			
Maintenance & Repairs	36,000	1,695	34,305
Debt Service:			
	15,000	12,500	2,500
Capital:			
	<u>290,000</u>	<u>2,485</u>	<u>287,515</u>
	<u>362,000</u>	<u>17,821</u>	<u>324,320</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(312,830)	40,985	333,956
Other Financing Sources (Uses):			
Operating Transfers Out	-	-	-
Operating Transfers In	-	-	-
Excess of Revenues Over (Under) Expenditures	<u>\$ (312,830)</u>	40,985	<u>\$ 333,956</u>
<u>Fund Balance, Beginning</u>		<u>220,296</u>	
 <u>Fund Balance, Ending</u>		 <u>\$ 261,281</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 1,490	\$ 1,493	\$ 3
Replacement Tax	-	34	34
Interest Income	-	<u>27</u>	<u>27</u>
Total Revenues	<u>1,490</u>	<u>1,554</u>	<u>64</u>
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Current:			
Public Safety:			
Gas and Oil	-	-	-
Alternate Communication	3,000	1,044	1,956
Miscellaneous	1,000	-	1,000
Equipment Maintenance	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total Public Safety	7,000	1,044	5,956
Capital:			
	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total Expenditures	<u>10,000</u>	<u>1,044</u>	<u>8,956</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (8,510)</u>	510	<u>\$ 9,020</u>
<u>Fund Balance, Beginning</u>		<u>5,836</u>	
<u>Fund Balance, Ending</u>		<u>\$ 6,346</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, 2017

	<u>Original/ Final Budget</u>	<u>2017 Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Economic Development Loan Repayments	\$ 40,000	\$ 38,356	\$ (1,644)
Interest Income	-	6,885	6,885
Miscellaneous	-	-	-
	<u>40,000</u>	<u>45,241</u>	<u>5,241</u>
Total Revenues			
 <u>Expenditures</u>			
Current:			
General Government:			
Legal Fees & Miscellaneous	35,900	-	35,900
Capital: Economic Development Loans	<u>454,100</u>	<u>114,260</u>	<u>339,840</u>
Total Expenditures	<u>490,000</u>	<u>114,260</u>	<u>375,740</u>
Excess of Revenues Over (Under) Expenditures before Adjustments	<u>\$ (450,000)</u>	<u>(69,019)</u>	<u>\$ 380,981</u>
 Adjustments for Items Not Affecting Fund Balance:			
Loan Principal Repayments		(38,356)	
Principal Amount of New Loans		114,260	
 Adjustments for Non-Cash Expenses:			
Bad Debts Expense		-	
Total Adjustments		<u>75,904</u>	
Excess of Revenues Over (Under) Expenditures		6,885	
<u>Fund Balance, Beginning</u>		<u>894,125</u>	
<u>Fund Balance, Ending</u>		<u>\$ 901,010</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 127,700	\$ 127,266	\$ (434)
Replacement Tax	-	2,695	2,695
Interest Income	<u>-</u>	<u>114</u>	<u>114</u>
Total Revenues	<u>127,700</u>	130,075	<u>2,375</u>
 <u>Expenditures</u>			
Current:			
General Government:			
Tort Judgments and Liability Insurance	<u>200,000</u>	<u>134,910</u>	<u>65,090</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (72,300)</u>	(4,835)	<u>\$ 67,465</u>
<u>Fund Balance, Beginning</u>		<u>11,415</u>	
<u>Fund Balance, Ending</u>		<u>\$ 6,580</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 15,995	\$ 14,949	\$ (1,046)
Replacement Tax	-	326	326
Interest	-	<u>167</u>	<u>167</u>
Total Revenues	15,995	15,442	(553)
 <u>Expenditures</u>			
Current:			
General Government:			
Audit and Miscellaneous	<u>21,000</u>	<u>15,250</u>	<u>5,750</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (5,005)</u>	192	<u>\$ 5,197</u>
<u>Fund Balance, Beginning</u>		<u>33,415</u>	
<u>Fund Balance, Ending</u>		<u>\$ 33,607</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, 2017

	<u>Original/ Final Budget</u>	<u>2017 Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 124,500	\$ 124,076	\$ (424)
Replacement Tax	-	2,637	2,637
Interest Income	-	480	480
Miscellaneous Income	-	-	-
Operating Transfers In	-	-	-
	124,500	127,193	2,693
Total Revenues	124,500	127,193	2,693
 <u>Expenditures</u>			
Current:			
General Government:			
Social Security/Medicare Taxes	130,500	96,170	34,330
Miscellaneous	-	-	-
	130,500	96,170	34,330
Total Expenditures	130,500	96,170	34,330
Excess of Revenues Over (Under) Expenditures	<u>\$ (6,000)</u>	31,023	<u>\$ 37,023</u>
<u>Fund Balance, Beginning</u>		77,607	
<u>Fund Balance, Ending</u>		<u>\$ 108,630</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 455,000	\$ 553,164	\$ 98,164
Redevelopment Escrow	-	-	-
Miscellaneous Income	12,708	-	(12,708)
Interest Income	-	7,543	7,543
Total Revenues	<u>467,708</u>	<u>560,707</u>	<u>92,999</u>
<u>Expenditures</u>			
Current:			
General Government:			
Administration	486,000	-	486,000
Miscellaneous	473,000	245	472,755
Professional Fees	64,000	9,905	54,095
Dues	2,000	550	1,450
Travel and Meetings	8,100	1,824	6,276
Total General Government	<u>1,033,100</u>	<u>12,524</u>	<u>1,020,576</u>
Streets and Alleys:			
Street & Sidewalk Improvements	296,500	113,071	183,429
Stop Light Maintenance	25,000	15,330	9,670
Water Mains	27,000	-	27,000
Engineering	10,000	7,548	2,452
Total Streets and Alleys	<u>358,500</u>	<u>135,949</u>	<u>222,551</u>
Economic Development:			
Riverfront Improvements	81,000	5,245	75,755
Project Facelift	85,000	8,044	76,956
Commercial Rehabilitation Program	300,000	32,382	267,618
Property Acquisition	350,000	306,744	43,256
Building Improvements	155,000	-	155,000
Demolition	125,000	-	125,000
Railroad Crossings	-	-	-
Signs	83,000	-	83,000
Park Improvements	30,000	7,055	22,945
Total Economic Development	<u>1,209,000</u>	<u>359,470</u>	<u>849,530</u>
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,600,600</u>	<u>507,943</u>	<u>2,092,657</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,132,892)</u>	52,764	<u>\$ 2,185,656</u>
Adjustments for Items Not Affecting Fund Balance:			
Loan Principal Repayments		-	
<u>Fund Balance, Beginning</u>		<u>1,321,572</u>	
<u>Fund Balance, Ending</u>		<u>\$ 1,374,336</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 209,722	\$ 222,103	\$ 12,381
Replacement Tax	-	4,735	4,735
Employee Contributions	-	59,490	59,490
Interest Income	-	34,333	34,333
Miscellaneous Income	-	-	-
	-	-	-
Total Revenues	<u>209,722</u>	<u>320,661</u>	<u>110,939</u>
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Current:			
General Government:			
Pension Payments	235,000	264,557	(29,557)
Termination Distributions	-	-	-
Miscellaneous	-	<u>1,539</u>	<u>(1,539)</u>
	-	-	-
Total Expenditures	<u>235,000</u>	<u>266,096</u>	<u>(31,096)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (25,278)</u>	54,565	<u>\$ 79,843</u>
<u>Fund Balance, Beginning</u>		<u>3,091,522</u>	
<u>Fund Balance, Ending</u>		<u>\$ 3,146,087</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, 2017

	<u>Original/ Final Budget</u>	<u>2017 Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Hotel/Motel Tax	\$ 24,000	\$ 19,080	\$ (4,920)
Interest Income	-	47	47
Miscellaneous Income	-	<u>623</u>	<u>623</u>
 Total Revenues	 <u>24,000</u>	 <u>19,750</u>	 <u>(4,250)</u>
	<u>Appropriation</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Expenditures</u>			
Current:			
Economic Development:			
Web Site	3,000	-	3,000
Postage	750	-	750
Advertising/Targeted Marketing	5,800	10,636	(4,836)
Promotions	9,100	5,044	4,056
Scenic By Way	2,500	2,000	500
Donations	10,100	8,483	1,617
Dues & Subscriptions	3,000	456	2,544
Travel	1,500	233	1,267
Seminars	2,500	30	2,470
Office Supplies	500	-	500
Miscellaneous	<u>500</u>	<u>-</u>	<u>500</u>
 Total Expenditures	 <u>39,250</u>	 <u>26,882</u>	 <u>12,368</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (15,250)</u>	<u>(7,132)</u>	<u>\$ 8,118</u>
<u>Fund Balance, Beginning</u>		<u>15,584</u>	
 <u>Fund Balance, Ending</u>		 <u>\$ 8,452</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, 2017

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Revenues</u>			
User Charges	\$ 911,000	\$ 884,750	\$ (26,250)
Service Fee	27,999	28,000	1
Interest Income	500	2,446	1,946
Miscellaneous	<u>-</u>	<u>4,533</u>	<u>4,533</u>
 Total Revenues	 <u>939,499</u>	 <u>919,729</u>	 <u>(19,770)</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	53,718	11,282
Insurance - Employees Benefit	56,000	50,131	5,869
Social Security & Medicare Expense	25,000	14,540	10,460
Unemployment	3,000	-	3,000
Uniform Allowance	3,000	1,888	1,112
Employee Deferred Compensation	15,000	10,641	4,359
Telephone & Internet Expense	7,500	3,176	4,324
Dues & Subscriptions	2,000	849	1,151
Postage Expense	1,000	309	691
Printing Expense	2,000	18	1,982
Bank Charges	1,000	43	957
Miscellaneous	22,000	208	21,792
Office Supplies	3,000	-	3,000
Office Space Rental	2,000	900	1,100
Office Equipment	8,000	1,192	6,808
Insurance - General Coverage	9,000	-	9,000
Computer Software	4,500	1,388	3,112
Billing & Posting Expense	8,000	6,881	1,119
Maintenance & Repair - Equipment	10,000	813	9,187
Travel Expense	2,500	124	2,376
Seminars and Workshops	3,000	1,652	1,348
Bond Interest Expense	<u>160,000</u>	<u>48,625</u>	<u>111,375</u>
	<u>412,500</u>	<u>197,096</u>	<u>215,404</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, 2017

(Continued)

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures (Continued)</u>			
Current:			
General and Administrative:			
Sewer Department:			
Wages - Office	63,000	53,719	9,281
Insurance - Employees Benefit	45,500	50,031	(4,531)
Social Security & Medicare Expense	15,000	8,762	6,238
Employee Deferred Compensation	8,500	7,043	1,457
Uniform Allowance	2,100	1,387	713
Telephone & Internet Expense	1,500	698	802
Dues & Subscriptions	500	-	500
Postage Expense	500	17	483
Printing Expense	-	-	-
Bank Charges	-	-	-
Miscellaneous	5,000	-	5,000
Legal	-	-	-
Office Supplies	5,000	174	4,826
Computer Software	3,000	-	3,000
Office Equipment	5,000	-	5,000
Professional Fees	-	-	-
Office Space Rental	1,000	900	100
Insurance - General Coverage	8,000	-	8,000
Billing & Posting Expense	6,800	6,053	747
Transfer to Other Funds	20,000	-	20,000
Maintenance & Repair - Equipment	5,000	-	5,000
Travel	-	-	-
Seminars and Workshops	500	-	500
	<u>195,900</u>	<u>128,784</u>	<u>67,116</u>
Total General and Administrative	<u>608,400</u>	<u>325,880</u>	<u>282,520</u>
System Operations:			
Water Department:			
Salaries - Department Head	20,500	16,734	3,766
Wages - Labor	192,200	132,147	60,053
Utilities	65,000	56,523	8,477
Gas & Oil	20,000	3,476	16,524
Equipment Rental	8,000	5,000	3,000
Fill Sand & Gravel	1,000	-	1,000
Fluoridation & Chlorine	10,000	6,673	3,327
Miscellaneous	1,500	-	1,500
Supplies - Operating	20,000	7,277	12,723
Equipment - Operating	8,000	2,437	5,563
Maintenance & Repair-Plant & System	258,200	31,715	226,485
Maintenance & Repair - Equipment	19,000	1,791	17,209
Maintenance & Repair - Vehicles	15,000	745	14,255
Maintenance & Repair - Building	38,000	793	37,207
Engineering	15,000	145	14,855
Utility Locating Service	2,500	866	1,634
Meter Reading Fees	7,500	7,140	360
Water Testing Fees	25,000	19,408	5,592
	<u>726,400</u>	<u>292,870</u>	<u>433,530</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, 2017
(Continued)

	Original/ Final <u>Budget</u>	2017 <u>Actual</u>	Variance with Final <u>Budget</u>
<u>Expenditures (Continued)</u>			
Current:			
System Operations:			
Sewer Department:			
Salaries - Department Head	20,500	16,735	3,765
Wages - Labor	59,100	50,791	8,309
Utilities	10,000	6,160	3,840
Gas & Oil	15,000	3,235	11,765
Equipment Rental	8,000	5,000	3,000
Copper Sulfate	5,000	1,410	3,590
Supplies - Operating	12,000	4,061	7,939
Equipment - Operating	5,000	2,910	2,090
Maintenance & Repair-Plant & System	72,700	33,694	39,006
Maintenance & Repair - Equipment	12,000	3,482	8,518
Maintenance & Repair - Vehicles	5,000	806	4,194
Maintenance & Repair - Building	6,000	57	5,943
Engineering	9,000	-	9,000
Meter Reading Fees	7,500	7,140	360
Testing Fees	1,000	-	1,000
	<u>247,800</u>	<u>135,481</u>	<u>112,319</u>
 Total System Operations	 <u>974,200</u>	 <u>428,351</u>	 <u>545,849</u>
 Capital	 <u>450,000</u>	 <u>86,829</u>	 <u>363,171</u>
 Total Expenditures	 <u>2,032,600</u>	 <u>841,060</u>	 <u>1,191,540</u>
 Excess of Revenues Over (Under) Expenditures Before Adjustments	 <u>\$ (1,093,101)</u>	 78,669	 <u>\$ 1,171,770</u>
Adjustments in Conformance with Generally Accepted Accounting Principles:			
Expenditures Not Affecting Net Income - - Capital Purchases		86,829	
Non-Cash Expenses Not Included in Expenditures - - Depreciation		<u>(144,558)</u>	
Net Income (Loss)		20,940	
<u>Retained Earnings, Beginning</u>		<u>2,331,943</u>	
<u>Retained Earnings, Ending</u>		<u>\$ 2,352,883</u>	

CITY OF CHILLICOTHE, ILLINOIS
 SCHEDULE OF INTERFUND PAYABLES AND RECEIVABLES
April 30, 2017

----- Due To -----	----- Due From -----	Per Audit <u>4/30/16</u>	<u>Additions</u>	<u>Repayments</u>	Per Audit <u>4/30/17</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, 2017

	<u>Total</u>
<u>General Fund</u>	
The Illinois Funds (Investment Pool)	\$ <u>3,690,646</u>
 <u>Police Protection Fund</u>	
The Illinois Funds (Investment Pool)	<u>251,666</u>
 <u>Motor Fuel Tax Fund</u>	
The Illinois Funds (Investment Pool)	<u>108,600</u>
 <u>Road and Bridge Fund</u>	
The Illinois Funds (Investment Pool)	<u>102,567</u>
 <u>Fire Protection Fund</u>	
Certificate of Deposit	100,000
The Illinois Funds (Investment Pool)	<u>143,574</u>
 <u>Civil Defense Fund</u>	
The Illinois Funds (Investment Pool)	<u>5,935</u>
 <u>Economic Development Fund</u>	
The Illinois Funds (Investment Pool)	<u>335,523</u>
 <u>Audit Fund</u>	
The Illinois Funds (Investment Pool)	<u>32,721</u>
 <u>Tort Liability Fund</u>	
The Illinois Funds (Investment Pool)	<u>5,015</u>
 <u>Social Security Fund</u>	
The Illinois Funds (Investment Pool)	<u>102,923</u>
 <u>Tax Increment Financing Fund</u>	
The Illinois Funds (Investment Pool)	<u>1,275,867</u>
 <u>Police Pension Fund</u>	
Insured Money Market Account:	
South Side Trust & Savings	116,698
Certificates of Deposit:	
Commerce Bank	-
South Side Trust & Savings	2,318,543
Better Banks	<u>455,727</u>
	<u>2,890,968</u>
 <u>Hotel/Motel Tax Fund</u>	
The Illinois Funds (Investment Pool)	<u>7,658</u>
 <u>Waterworks and Sewerage Fund</u>	
Insured Money Market Account:	
Better Banks	147,283
The Illinois Funds (Investment Pool)	299,804
The Illinois Funds (Investment Pool) (Project Fund)	<u>143,997</u>
	<u>591,084</u>
 Total - All Funds	 \$ <u>9,644,747</u>

CITY OF CHILLICOTHE, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
April 30, 2017

2016 Assessed Valuation		<u>\$ 91,899,895</u>
Statutory Debt Limitation (8.625%)		7,926,366
Current Debt:		
Debt Certificates, Series 2006	1,097,452	
Contractual Debt	<u>300,221</u>	<u>(1,397,673)</u>
Legal Debt Margin		<u>\$ 6,528,693</u>