

CITY OF CHILLICOTHE
Chillicothe, Illinois

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

For The Year Ended April 30, 2013

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, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, 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 Toluca's internal control over financial reporting and compliance.



McElhiney, LLC
Certified Public Accountants

Chillicothe, Illinois
October 17, 2013

**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, 2013, and the related notes to the financial statements, which collectively comprise City of Chillicothe, Illinois's basic financial statements and have issued our report thereon dated October 17, 2013.

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.



McElhiney, LLC
Certified Public Accountants

Chillicothe, Illinois
October 17, 2013

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, 2013, and have issued my report thereon, dated October 17, 2013. 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.



McElhiney, LLC
Certified Public Accountants

Chillicothe, Illinois
October 17, 2013

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, 2013 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, 2013 by \$11.99 million. Net assets from governmental activities totaled \$9.93 million. Of this amount, \$2.55 million is unrestricted and may be used to finance future programs and projects and to meet future obligations to creditors.
- The unrestricted net assets of the business-type activities are \$696,000 and may be used in future operations and to finance future capital projects of the waterworks and sewerage systems.
- Total net assets increased \$843,300 in the fiscal year ended April 30, 2013. Net assets of the governmental activities increased \$713,100, due primarily to decreased spending in the Tax Increment Financing Districts. Net assets of the business-type activities increased \$130,200.
- Total revenues of the governmental activities decreased \$8,700 or 0.25%, while total expenses increased \$14,000 or 0.46%.
- As of April 30, 2013, the governmental funds reported a combined ending fund balance of \$5.4 million, an increase of \$417,800 over the prior year. Of the ending fund balance, \$2.65 million is restricted by state statute for specific purposes. The remaining \$2.75 million is unreserved and available to finance future activities.
- The General Fund reported a fund balance of \$2.75 million, an increase of \$352,000 over the prior year. This entire amount is unrestricted and available for discretionary spending.
- On April 1, 2006, the City issued \$2 million in revenue bonds for the purpose of constructing a new water tower and to finance other improvements to the water system. Construction of the tower and other related upgrades have been completed.

Overview of the Financial Statements

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

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 39 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 46 and 47 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. Overall, the City's assets exceeded its liabilities by \$11.99 million at the end of the most recent fiscal year.

Of the total net assets, \$5.10 million (42%) 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 \$3.65 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 assets is \$3.24 million, which consists of \$2.55 million from governmental activities and \$696,300 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 Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 6,341,258	\$ 5,967,221	\$ 855,142	\$ 901,028	\$ 7,196,400	\$ 6,868,249
Capital assets	<u>4,106,032</u>	<u>3,761,004</u>	<u>2,736,412</u>	<u>2,637,485</u>	<u>6,842,444</u>	<u>6,398,489</u>
Total Assets	<u>10,447,290</u>	<u>9,728,225</u>	<u>3,591,554</u>	<u>3,538,513</u>	<u>14,038,844</u>	<u>13,266,738</u>
Long-term liabilities	468,835	441,416	1,471,952	1,476,736	1,940,787	1,918,152
Current liabilities	<u>49,145</u>	<u>74,445</u>	<u>57,279</u>	<u>129,647</u>	<u>106,424</u>	<u>204,092</u>
Total Liabilities	<u>517,980</u>	<u>515,861</u>	<u>1,529,231</u>	<u>1,606,383</u>	<u>2,047,211</u>	<u>2,122,244</u>
Net Assets:						
Invested in capital assets	3,840,556	3,484,499	1,264,460	1,079,940	5,105,016	4,564,439
Restricted	3,536,562	3,442,925	101,563	88,585	3,638,125	3,531,510
Unrestricted	<u>2,552,192</u>	<u>2,288,783</u>	<u>696,300</u>	<u>763,604</u>	<u>3,248,492</u>	<u>3,052,387</u>
Total Net Assets	<u>\$ 9,929,310</u>	<u>\$ 9,216,207</u>	<u>\$ 2,062,323</u>	<u>\$ 1,932,129</u>	<u>\$ 11,991,633</u>	<u>\$ 11,148,336</u>

Net assets from governmental activities increased \$713,100 in fiscal year 2013 and net assets from business-type activities increased \$130,200.

City of Chillicothe's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 184,544	\$ 178,954	\$ 927,491	\$ 900,997	\$ 1,112,035	\$ 1,079,951
Capital grants and donations	6,221	103,222	-	-	6,221	103,222
General Revenues:						
Property taxes	864,035	901,987	-	-	864,035	901,987
Sales taxes	965,270	976,521	-	-	965,270	976,521
Income taxes	635,310	595,687	-	-	635,310	595,687
Other taxes	397,146	385,019	-	-	397,146	385,019
Interest on investments	8,389	8,127	793	656	9,182	8,783
Other	<u>371,207</u>	<u>348,450</u>	<u>4,034</u>	<u>4,060</u>	<u>375,241</u>	<u>352,510</u>
Total Revenues	<u>3,432,122</u>	<u>3,497,967</u>	<u>932,318</u>	<u>905,713</u>	<u>4,364,440</u>	<u>4,403,680</u>
Expenses:						
General government	599,570	579,408	-	-	599,570	579,408
Public safety	1,315,537	1,296,401	-	-	1,315,537	1,296,401
Cemetery	37,717	38,618	-	-	37,717	38,618
City parks and buildings	178,787	170,530	-	-	178,787	170,530
Streets and alleys	477,992	599,819	-	-	477,992	599,819
Economic development	107,715	62,223	-	-	107,715	62,223
Debt service	1,701	2,244	67,773	67,069	69,474	69,313
Waterworks and sewerage						
Operations	-	-	734,351	729,621	734,351	729,621
Total Expenses	<u>2,719,019</u>	<u>2,749,243</u>	<u>802,124</u>	<u>796,690</u>	<u>3,521,143</u>	<u>3,320,507</u>
Change in net assets	713,103	748,724	130,194	109,023	843,297	857,747
Net assets – beginning of year	<u>9,216,207</u>	<u>8,467,483</u>	<u>1,932,129</u>	<u>1,823,106</u>	<u>11,148,336</u>	<u>10,290,589</u>
Net assets – end of year	<u>\$ 9,929,310</u>	<u>\$ 9,216,207</u>	<u>\$ 2,062,323</u>	<u>\$ 1,932,129</u>	<u>\$ 11,991,633</u>	<u>\$ 11,148,336</u>

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

Governmental Activities: Revenues from governmental activities decreased \$78,000 (2.230%) during the current year. The most significant changes were:

- State Income Tax Revenues, which are collected by the State and shared with local governments on a per capita basis, increased \$39,600.
- Sales Tax Revenue decreased \$11,250.
- Other General Revenue increased \$22,750. 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 decreased \$41,200 (1.50%). The most significant changes were:

- Public safety expenses increased \$8,600.
- General Government expenditures increased \$19,000.

Business-Type Activities: Revenues remained virtually stable. Expenses increased \$5,400 due primarily to increased employee costs.

Financial Analysis of the Governments Funds

As noted earlier, the City uses fund accounting as a means to ensure and demonstrate 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 \$417,800 for the 2013 fiscal year, and the total balance as of April 30, 2012 was \$5.4 million. Of this amount, \$2.75 million is unrestricted and is available for spending at the City's discretion. Restricted fund balances total \$2.65 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 \$417,800 in the combined fund balances of the governmental funds was due primarily to the \$71,000 increase in the TIF Funds and the \$352,000 increase in the General Fund.

The General Fund is the primary operating fund of the City. The \$2.75 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 159% of total fund expenditures for the fiscal year ended April 30, 2013.

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 assets of the enterprise fund increased \$130,200. Operating Revenues increased \$26,000 from the prior year, while expenses increased \$5,400. As the result, the current year increase in net assets is about \$20,600 more 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, 2013, was \$6.84 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 \$813,300 (\$345,000 after depreciation) in the governmental funds, and \$189,900 (\$99,000 after depreciation) in the enterprise fund.

Current year additions in the governmental funds consisted primarily of infrastructure improvements (street resurfacing, patching and crack sealing) and vehicles in the combined amount of \$782,800.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 829,917	\$ 829,917	\$ -	\$ -	\$ 829,917	\$ 829,917
Buildings and grounds	737,905	400,700	-	-	737,905	400,700
Infrastructure	1,384,097	1,388,430	2,736,412	2,637,485	4,120,509	4,025,915
Equipment	377,429	306,842	-	-	377,429	306,842
Vehicles	<u>776,684</u>	<u>835,115</u>	<u>-</u>	<u>-</u>	<u>776,684</u>	<u>835,115</u>
Total	\$4,106,032	\$3,761,004	\$ 2,736,412	\$ 2,637,485	\$ 6,842,444	\$ 6,398,489
	=====	=====	=====	=====	=====	=====

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

During the past year, the Police, Fire and Public Works Departments have purchased the necessary radio equipment to meet the "Narrow Band" requirements. The next step in the process is to program the equipment in order to complete the transition to Narrow Band.

The ongoing effort to upgrade City equipment has continued. During the past year, we have purchased a Tractor/Bucket Excavator to be used in the excavation of gravesites. This new equipment will allow the excavation to be carried out with much less impact to surrounding monuments.

Also, an Alley Drag and Street Sweeper were purchased through the Road and Bridge Fund.

The City has instituted a program to upgrade the water meters to a radio read system. This year, we purchased a radio read system and 100 radio-read meters. Our goal is to replace all meters with radio-read meters by the year 2014. This system will enable us to more effectively and efficiently monitor water loss and control user rates.

As the focus continues to develop the riverfront, improvements to the area include new parking, new playground equipment and additional boat docks. Over the next few years, we expect the riverfront development to bring more boating and related activity to the area.

Each year the City offers a sidewalk program for its citizens. The program is a cost-sharing arrangement in which the City commits \$20,000 to the program. During the past year, we processed nineteen applications and spent about 85% of the money.

With the new water tower operational, the old water tower on Santa Fe Avenue was removed to make room for possible expansion of the public works facility.

In our constant commitment to maintain City streets, we spent over \$300,000 during the past year for the overlay of several streets and the roads within the cemetery.

In the administrative area, we upgraded the server at City Hall and purchased several new computers and printers. The new server was "bridged" with the Police Department allowing enabling their computers to be linked to the server for the retention of records.

Finally, the staffing of the Police Department was increased by adding a ninth officer. This will allow for more flexibility and give us the opportunity to have two officers on each shift.

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
 GOVERNMENT-WIDE STATEMENT OF NET ASSETS
April 30, 2013

	Primary Government		
	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
<u>ASSETS</u>			
Cash and investments	\$ 4,891,711	\$ 672,487	\$ 5,564,198
Accounts receivable	-	65,446	65,446
Inventories	-	15,646	15,646
Other receivables:			-
Interest	-	-	-
Taxes	1,195,264	-	1,195,264
Loans	254,283	-	254,283
Due from other funds	-	-	-
Restricted assets	-	101,563	101,563
Capital assets, net			
Assets subject to depreciation	3,276,115	2,736,412	6,012,527
Assets not subject to depreciation	<u>829,917</u>	<u>-</u>	<u>829,917</u>
Total Assets	<u>10,447,290</u>	<u>3,591,554</u>	<u>14,038,844</u>
<u>LIABILITIES</u>			
Accounts payable	49,145	19,882	69,027
Accrued and other liabilities	-	37,397	37,397
Due to other funds	-	-	-
Non-current liabilities:			
Due within one year	22,988	80,808	103,796
Due in more than one year	<u>445,847</u>	<u>1,391,144</u>	<u>1,836,991</u>
Total Liabilities	<u>517,980</u>	<u>1,529,231</u>	<u>2,047,211</u>
<u>NET ASSETS</u>			
Invested in capital assets - net of related debt	3,840,556	1,264,460	5,105,016
Restricted for:			
Construction	-	101,563	101,563
Streets and Sidewalks	676,518	-	676,518
Public Safety	395,224	-	395,224
Community Development	2,133,161	-	2,133,161
Other Specific Purposes	331,659	-	331,659
Unrestricted	<u>2,552,192</u>	<u>696,300</u>	<u>3,248,492</u>
Total Net Assets	<u>\$ 9,929,310</u>	<u>\$ 2,062,323</u>	<u>\$ 11,991,633</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
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-Type Activities</u>	<u>Total</u>
Functions/Programs							
Primary Government:							
Governmental Activities:							
General government	\$ 599,570	\$ 28,968	\$ -	\$ -	\$ (570,602)	\$ -	\$ (570,602)
Public safety	1,315,537	104,066	-	6,221	(1,205,250)	-	(1,205,250)
Cemetery	37,717	27,510	-	-	(10,207)	-	(10,207)
City parks and buildings	178,787	-	-	-	(178,787)	-	(178,787)
Streets and alleys	477,992	24,000	-	-	(453,992)	-	(453,992)
Economic development	107,715	-	-	-	(107,715)	-	(107,715)
Debt Service	1,701	-	-	-	(1,701)	-	(1,701)
Total Governmental Activities	<u>2,719,019</u>	<u>184,544</u>	<u>-</u>	<u>6,221</u>	<u>(2,528,254)</u>	<u>-</u>	<u>(2,528,254)</u>
Business-Type Activities:							
Water & Sewer	<u>802,124</u>	<u>927,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,367</u>	<u>125,367</u>
Total Business-Type Activities	<u>802,124</u>	<u>927,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,367</u>	<u>125,367</u>
Total Primary Government	<u>\$ 3,521,143</u>	<u>\$ 1,112,035</u>	<u>\$ -</u>	<u>\$ 6,221</u>	<u>(2,528,254)</u>	<u>125,367</u>	<u>(2,402,887)</u>
General Revenues:							
Property taxes					864,035	-	864,035
Replacement tax					9,028	-	9,028
Telecommunications Taxes					230,720	-	230,720
Sales Taxes					965,270	-	965,270
Income Taxes					635,310	-	635,310
Motor Fuel Taxes					145,185	-	145,185
Franchise fees and assessments					110,917	-	110,917
Licenses and fees					95,663	-	95,663
Interest					8,396	793	9,189
Miscellaneous					176,833	4,034	180,867
Total General Revenues					<u>3,241,357</u>	<u>4,827</u>	<u>3,246,184</u>
Change in Net Assets					713,103	130,194	843,297
Net Assets - Beginning of Year					<u>9,216,207</u>	<u>1,932,129</u>	<u>11,148,336</u>
Net Assets - End of Year					<u>\$ 9,929,310</u>	<u>\$ 2,062,323</u>	<u>\$ 11,991,633</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, 2013

	<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	\$ 2,484,960	\$ 653,081	\$ 441,344	\$ 119,093	\$ 740,039	\$ 453,194	\$ 4,891,711
Due from (to) other funds	(7,474)	-	-	-	-	7,474	-
Other receivables:							
Taxes	342,899	-	59,700	48,800	474,500	269,365	1,195,264
Loans	-	254,283	-	-	-	-	254,283
	<u>2,820,385</u>	<u>907,364</u>	<u>501,044</u>	<u>167,893</u>	<u>1,214,539</u>	<u>730,033</u>	<u>6,341,258</u>
<u>LIABILITIES</u>							
Accounts payable	39,834	-	9,311	-	-	-	49,145
Accrued and other liabilities	-	-	-	-	27,976	-	27,976
Deferred revenues	26,550	-	59,700	48,800	474,500	258,880	868,430
	<u>66,384</u>	<u>-</u>	<u>69,011</u>	<u>48,800</u>	<u>502,476</u>	<u>258,880</u>	<u>945,551</u>
<u>FUND BALANCES</u>							
Unreserved, reported in:							
General Fund:							
Undesignated	2,754,001	-	-	-	-	-	2,754,001
Special Revenue Funds:							
Undesignated	-	907,364	432,033	119,093	712,063	471,153	2,641,706
	<u>2,754,001</u>	<u>907,364</u>	<u>432,033</u>	<u>119,093</u>	<u>712,063</u>	<u>471,153</u>	<u>5,395,707</u>
Total Liabilities and Fund Balances	<u>\$ 2,820,385</u>	<u>\$ 907,364</u>	<u>\$ 501,044</u>	<u>\$ 167,893</u>	<u>\$ 1,214,539</u>	<u>\$ 730,033</u>	<u>\$ 6,341,258</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 ASSETS
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2013

Total Fund Balances for Governmental Funds	\$ 5,395,707
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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.	868,430
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Loan proceeds reflected as prior year revenue in fund are carried as a liability in the Government-Wide Statement of Net Assets.	(225,000)
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Loan principal payments reflected as expenditures in fund are recognized as a reduction of the liability in the Government-Wide Statement of Net Assets.	12,500
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Capital assets used in governmental activities are not financial resources, and are not reported in the funds	4,106,032
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Compensated absences are reported as a long-term liability of the governmental activities on the Government-Wide Statement of Net Assets. Because the short-term portion is not determinable, this liability is not included on the balance sheet of the governmental funds.	<u>(228,359)</u>
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Net Assets of Governmental Activities	<u>\$ 9,929,310</u>
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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, 2013

	General	Major Special Revenue Funds				Nonmajor Special Revenue Funds	Total Governmental Funds
		Economic Development	Road and Bridge	Fire Protection	TIF Fund		
Revenues							
Property taxes	\$ 87,176	\$ -	\$ 56,901	\$ 46,765	\$ 465,056	\$ 238,607	\$ 894,505
Replacement tax	2,033	-	357	1,091	-	5,547	9,028
Telecommunications tax	-	-	230,720	-	-	-	230,720
Sales Taxes	948,354	-	-	-	-	16,916	965,270
Income Taxes	635,310	-	-	-	-	-	635,310
Motor Fuel Tax	-	-	-	-	-	145,185	145,185
Franchise fee	110,917	-	-	-	-	-	110,917
Grant Revenue	6,221	-	-	-	-	-	6,221
Fees & assessments	134,834	-	24,000	12,206	-	81,658	252,698
Cemetery income	27,510	-	-	-	-	-	27,510
Interest	2,092	4,650	439	91	708	416	8,396
Miscellaneous	127,872	-	1,140	-	17,250	30,571	176,833
Total Revenues	2,082,319	4,650	313,557	60,153	483,014	518,900	3,462,593
Expenditures							
Current:							
General government	300,759	184	64,099	2,294	12,539	185,596	565,471
Streets, alleys & sidewalks	-	-	291,719	-	42,414	122,367	456,500
Public safety	1,138,750	-	-	4,430	-	18,214	1,161,394
Cemetery	30,467	-	-	-	-	-	30,467
City parks & buildings	133,160	-	-	-	-	-	133,160
Economic development	66,527	-	-	-	355,339	9,204	431,070
Debt Service	-	-	-	12,500	12,730	-	25,230
Capital outlay	58,637	-	20,121	116,241	-	57,483	252,482
Total Expenditures	1,728,300	184	375,939	135,465	423,022	392,864	3,055,774
Other Financing Sources (Uses):							
Operating Transfers In (Out)	(1,700)	-	-	-	-	1,700	-
Principal Payments - Long-Term Debt	-	-	-	-	11,029	-	11,029
Total Other Financing Sources (Uses)	(1,700)	-	-	-	11,029	1,700	11,029
Change in Fund Balances	352,319	4,466	(62,382)	(75,312)	71,021	127,736	417,848
Fund Balances - Beginning of Year	2,401,682	902,898	494,415	194,405	641,042	343,417	4,977,859
Fund Balances - End of Year	\$ 2,754,001	\$ 907,364	\$ 432,033	\$ 119,093	\$ 712,063	\$ 471,153	\$ 5,395,707

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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 417,848

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. (30,470)

Loan principal payments reflected as expenditures in fund are recognized as a reduction of the liability in the Government-Wide Statement of Net Assets. 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	813,347
Depreciation	(468,319)

Decreases in compensated absences are accounted for in the Government-Wide Statement of Activities as a decrease to the liability account rather than as a current expenditure. (31,803)

Change in Net Assets of Governmental Activities \$ 713,103

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 ASSETS
PROPRIETARY FUND
April 30, 2013

	<u>Waterworks & Sewerage Fund</u>	<u>Total</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 774,050	\$ 774,050
Accounts Receivable	65,446	65,446
Accrued Interest Receivable	-	-
Inventories	<u>15,646</u>	<u>15,646</u>
Total Current Assets	<u>855,142</u>	<u>855,142</u>
Capital Assets	<u>2,736,412</u>	<u>2,736,412</u>
Total Noncurrent Assets	<u>2,736,412</u>	<u>2,736,412</u>
Total Assets	<u>3,591,554</u>	<u>3,591,554</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	19,882	19,882
Customer Deposits and Prepayments	37,397	37,397
Due to other funds	-	-
Total Current Liabilities	<u>57,279</u>	<u>57,279</u>
Long-Term Liabilities:		
Debt Certificates, Series 2006	<u>1,471,952</u>	<u>1,471,952</u>
Total Long-Term Liabilities	<u>1,471,952</u>	<u>1,471,952</u>
Total Liabilities	<u>1,529,231</u>	<u>1,529,231</u>
<u>NET ASSETS</u>		
Investment in capital assets - Net of Related Debt	1,264,460	1,264,460
Restricted for Construction	-	-
Unrestricted	<u>797,863</u>	<u>797,863</u>
Total Net Assets	<u>\$ 2,062,323</u>	<u>\$ 2,062,323</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 ASSETS
PROPRIETARY FUND
For The Year Ended April 30, 2013

	<u>Waterworks & Sewerage Fund</u>	<u>Total</u>
Operating Revenue		
User charges and fees	\$ 906,408	\$ 906,408
Administration fee	21,083	21,083
Miscellaneous	<u>4,034</u>	<u>4,034</u>
Total Operating Revenue	<u>931,525</u>	<u>931,525</u>
Operating Expenses		
Salaries and wages	313,748	313,748
Employee benefits	86,424	86,424
Contractual services	22,597	22,597
Systems expense:		
Engineering	780	780
Equipment rental	8,923	8,923
Supplies and materials	30,650	30,650
Maintenance and repairs	54,430	54,430
Utilities	50,118	50,118
Vehicle Expense	17,438	17,438
General and administrative	58,285	58,285
Depreciation	<u>90,958</u>	<u>90,958</u>
Total Operating Expenses	<u>734,351</u>	<u>734,351</u>
Operating Income (Loss)	197,174	197,174
Nonoperating Revenues (Expenses)		
Interest Income	793	793
Bond Interest Expense	<u>(67,773)</u>	<u>(67,773)</u>
Total Nonoperating Revenues (Expenses)	<u>(66,980)</u>	<u>(66,980)</u>
Change in Net Assets	130,194	130,194
Net Assets - Beginning of Year	<u>1,932,129</u>	<u>1,932,129</u>
Net Assets - End of Year	<u>\$ 2,062,323</u>	<u>\$ 2,062,323</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, 2013

	<u>Waterworks & Sewerage Fund</u>	<u>Total</u>
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 910,033	\$ 910,033
Cash from miscellaneous operating sources	25,117	25,117
Payments to suppliers	(239,811)	(239,811)
Payments to employees	(313,748)	(313,748)
Payments for employee benefits	<u>(86,424)</u>	<u>(86,424)</u>
Net Cash Provided by Operating Activities	<u>295,167</u>	<u>295,167</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Water system upgrades	-	-
Purchase of equipment and system extensions	<u>(189,885)</u>	<u>(189,885)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(189,885)</u>	<u>(189,885)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest on Investments	793	793
Payment of Bond Principal and Interest	<u>(148,336)</u>	<u>(148,336)</u>
Net Cash Provided by Investing Activities	<u>(147,543)</u>	<u>(147,543)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,261)	(42,261)
Cash and Cash Equivalents - Beginning of Year	<u>816,311</u>	<u>816,311</u>
Cash and Cash Equivalents - End of Year	<u>\$ 774,050</u>	<u>\$ 774,050</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>		
Operating Income (Loss)	\$ 197,174	\$ 197,174
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	90,958	90,958
Changes in assets and liabilities:		
Accounts Receivable (increase) decrease	3,625	3,625
Accounts Payable increase (decrease)	<u>3,410</u>	<u>3,410</u>
Net Cash Provided by Operating Activities	<u>\$ 295,167</u>	<u>\$ 295,167</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 ASSETS
FIDUCIARY FUNDS
April 30, 2013

	<u>Police Pension Fund</u>	<u>Sanitary District Trust Fund</u>
<u>ASSETS</u>		
Cash and Investments	\$ 2,660,426	\$ -
Property Taxes Receivable	185,000	-
Accounts Receivable	-	-
Accrued Interest Receivable	1,313	-
Due from Other Funds	<u>-</u>	<u>-</u>
Total Assets	<u>2,846,739</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>\$ 2,846,739</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 ASSETS
FIDUCIARY FUNDS
For The Year Ended April 30, 2013

	<u>Police Pension Fund</u>
Additions	
Employer Contributions:	
Property Taxes	\$ 184,371
Replacement Tax	<u>2,397</u>
Total Employer Contributions	186,768
Employee Contributions	49,948
Interest Income	26,484
Miscellaneous	<u>-</u>
Total Additions	<u>263,200</u>
Deductions	
Benefit Payments	172,975
General and Administrative	<u>922</u>
Total Deductions	<u>173,897</u>
Change in Net Assets	89,303
Net Assets - Beginning of Year	<u>2,757,436</u>
Net Assets - End of Year	<u>\$ 2,846,739</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, 2013

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, 2013
(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 within 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, 2013
(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, 2013

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, 2013
(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, 2013
(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, 2013
(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 AAA by Standard & Poor's.

At April 30, 2013, the carrying amount of the City's deposits (checking accounts) was \$314,947 and the bank balance was \$479,387. 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 \$5,373,035 carried as investments and restricted assets of the primary government, \$5,236,767 was invested in Illinois Funds and \$136,268 in money market accounts. In addition, the Police Pension Fund had investments totaling \$2,644,847 which was comprised of certificates of deposit totaling \$2,556,557 and money market deposits of \$88,290.

CITY OF CHILLICOTHE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
April 30, 2013
 (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	\$ 217,908	\$ 73,124	\$ 290,032
Money Market Accts	-	136,268	136,268
Certificates of Deposit	-	-	-
Illinois Funds	<u>4,672,209</u>	<u>462,995</u>	<u>5,135,204</u>
Totals	<u>4,890,117</u>	<u>672,387</u>	<u>5,662,504</u>
Restricted Assets:			
Checking Accts	-	-	-
Illinois Funds	<u>-</u>	<u>101,563</u>	<u>101,563</u>
Totals	<u>-</u>	<u>101,563</u>	<u>101,563</u>
City Totals	<u>\$ 4,890,117</u>	<u>\$ 773,950</u>	<u>\$ 5,664,067</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 2012 taxes for Peoria County residents is June 4, 2013. The latest dates for payment without penalty are June 4 and September 4.

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 4, 2013.

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2013
 (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 <u>Fund</u>	Waterworks & <u>Sewerage</u>	Major <u>Funds</u>	Non-major <u>Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 342,899	\$ -0-	\$ 583,000	\$ 269,365	\$ 1,195,264
Accounts	-0-	65,446	-0-	-0-	65,446
Loans	<u>-0-</u>	<u>-0-</u>	<u>254,283</u>	<u>-0-</u>	<u>254,283</u>
Net Receivables	<u>\$ 342,899</u>	<u>\$ 65,446</u>	<u>\$ 837,283</u>	<u>\$ 269,365</u>	<u>\$ 1,514,993</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 \$129,632. Interest rates vary from 1% to 5.75% with repayment terms of three to ten years. Of the \$129,632 due from Economic Development loan recipients, \$105,773 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 and no loans were outstanding at the end of the year.

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2013
(Continued)

Note 5: Capital Assets

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

	<u>Balance</u> <u>April 30, 2012</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>April 30, 2013</u>
Business-Type Activity:				
Capital assets being depreciated:				
Construction in Process	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Water System	4,666,112	-0-	-0-	4,666,112
Water Meters	148,390	84,070	-0-	232,460
Operating Equipment	156,295	4,100	-0-	160,395
Vehicles	121,598	101,715	-0-	223,303
Office Equipment	<u>20,226</u>	<u>-0-</u>	<u>-0-</u>	<u>20,226</u>
Subtotal	<u>5,112,621</u>	<u>189,885</u>	<u>-0-</u>	<u>5,302,506</u>
Accumulated depreciation:				
Construction in Process	-0-	-0-	-0-	-0-
Water System	2,155,851	53,738	-0-	2,209,589
Water Meters	51,274	22,300	-0-	73,574
Operating Equipment	147,965	1,516	-0-	149,481
Vehicles	99,820	13,404	-0-	113,224
Office Equipment	<u>20,226</u>	<u>-0-</u>	<u>-0-</u>	<u>20,226</u>
Subtotal	<u>2,475,136</u>	<u>90,958</u>	<u>-0-</u>	<u>2,566,094</u>
Net Capital Assets being Depreciated	<u>2,637,485</u>	<u>98,927</u>	<u>-0-</u>	<u>2,736,412</u>
Net Capital Assets	<u>\$ 2,637,485</u>	<u>\$ 98,927</u>	<u>\$ -0-</u>	<u>\$ 2,736,412</u>

Depreciation expense for the City's business-type activity was \$90,958 for the year ended April 30, 2013.

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

	<u>Balance</u> <u>April 30, 2012</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>April 30, 2013</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 829,917	\$ -0-	\$ -0-	\$ 829,917
Capital assets being depreciated:				
Buildings	62,626	-0-	-0-	62,626
Building Improvements	149,347	21,235	-0-	170,582
Park Improvements	417,446	352,532	-0-	769,978
Equipment	699,111	132,764	-0-	831,875
Vehicles	1,615,475	70,488	-0-	1,685,963
Infrastructure	<u>2,400,786</u>	<u>236,328</u>	<u>-0-</u>	<u>2,637,114</u>
Subtotal	<u>5,344,791</u>	<u>813,347</u>	<u>-0-</u>	<u>6,158,138</u>
Accumulated depreciation:				
Buildings	13,781	1,253	-0-	15,034
Building Improvements	54,723	6,191	-0-	60,914
Park Improvements	160,215	29,118	-0-	189,333
Equipment	392,269	62,177	-0-	454,446
Vehicles	780,360	128,919	-0-	909,279
Infrastructure	<u>1,012,356</u>	<u>240,661</u>	<u>-0-</u>	<u>1,253,017</u>
Subtotal	<u>2,413,704</u>	<u>468,319</u>	<u>-0-</u>	<u>2,882,023</u>
Net Capital Assets being Depreciated	<u>2,931,087</u>	<u>345,028</u>	<u>-0-</u>	<u>3,276,115</u>
Net Capital Assets	<u>\$ 3,761,004</u>	<u>\$ 345,028</u>	<u>\$ -0-</u>	<u>\$ 4,106,032</u>

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2013
 (Continued)

Note 5: Capital Assets (continued)

Depreciation expense totaling \$468,319 was charged to governmental activities as follows:

General Government	\$ 2,297
Public Safety	154,143
Cemetery	7,250
City Parks and Buildings	45,627
Streets and Alleys	257,821
Economic Development	<u>1,181</u>
Subtotal	<u>\$ 468,319</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 \$148,770 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 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>
2013				\$ 1,473,404
2014	\$ 1,473,404	\$ 60,410	\$ 88,060	1,385,344
2015	1,385,344	56,799	91,671	1,293,673
2016	1,293,673	53,040	95,430	1,198,243
2017	1,198,243	49,128	99,342	1,098,901
2018	1,098,901	45,055	103,415	995,486
2019	995,486	40,815	107,655	887,831
2020	887,831	36,401	112,069	775,762
2021	775,762	31,807	116,663	659,099
2022	659,099	27,023	121,447	537,652
2023	537,652	22,043	126,427	411,225
2024	411,225	16,861	131,609	279,616
2025	279,616	11,464	137,006	142,610
2026	142,610	<u>5,860</u>	<u>142,610</u>	-0-
Totals		<u>\$ 456,706</u>	<u>\$ 1,473,404</u>	

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2013
 (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	\$ 1,557,544	- 0 -	\$ 85,592	\$ 1,471,952

Note 7: Installment Loan Payable

On August 30, 2005, the City borrowed \$100,000 from an area corporation formed for the purpose of encouraging and assisting with commercial development. Proceeds from the loan were used to purchase a grain terminal located on the riverfront within the City limits. The City intends to hold the property for future development.

The loan requires monthly payments of \$1,085 beginning September 30, 2005, with the final payment due on August 31, 2015. The loan bears interest at 5% per annum. Following is the schedule of loan principal and interest maturities:

SCHEDULE OF LOAN PRINCIPAL AND INTEREST MATURITIES

<u>Years Ending April 30</u>	<u>Principal Balance, Beginning</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Principal Balance, Ending</u>
2013				\$ 27,976
2014	\$ 27,976	\$ 1,134	\$ 11,596	16,380
2015	16,380	543	12,187	4,193
2016	4,193	<u>50</u>	<u>4,193</u>	-0-
Totals		\$ 1,727 =====	\$ 27,976 =====	

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

<u>Fund Debt Retired By</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Tax Increment Financing Fund	\$ 39,004	- 0 -	\$ 11,028	\$ 27,976

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2013
 (Continued)

Note 8: Installment Loan Payable

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

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

<u>Fund Debt</u> <u>Retired By</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Fire Protection Fund	\$ 225,000	- 0 -	\$ 12,500	\$ 212,500

Note 9: Interfund Transfers

The City had no interfund transfers for the year ended April 30, 2013.

Note 10: 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 11: Deferred Compensation Plan

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

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

Employer contributions are immediately vested. The City's contributions to the plan for the years ended April 30, 2013 and 2012 were \$30,636 and \$30,719 respectively.

Note 12: 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:

CITY OF CHILLICOTHE
 NOTES TO FINANCIAL STATEMENTS
April 30, 2013
 (Continued)

Note 12: Pension Plan (Continued)

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.

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

Annual Pension Cost	\$ 172,975
Contribution Made	236,716
Actuarial Valuation Date	5/1/2012
Actuarial Cost Method	Entry Age/Normal Cost
Amortization Method	Level % of Payroll Closed Basis
Remaining Amortization	28 years
Interest Rate Assumption	6.00%
Salary Progression Assumption	4.5%
Unfunded Accrued Liability	\$ 1,530,960

Employee contributions for the year were \$49,948.

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2013
(Continued)

Note 13: 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 \$196,556 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 14: 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 15: Deficit Fund Balances

At April 30, 2013, none of the City funds had a deficit fund balance.

Note 16: Budgetary Compliance

During the year ended April 30, 2013, the Police Pension Fund overspent its appropriation by \$27,991 or 15.93%. During the year ended April 30, 2012, none of the City funds overspent its appropriation.

Note 17: 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 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.

CITY OF CHILLICOTHE
NOTES TO FINANCIAL STATEMENTS
April 30, 2013
(Continued)

Note 17: Commitments and Contingencies (Continued)

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.



McElhiney, LLC
Certified Public Accountants

Chillicothe, Illinois
October 17, 2013

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
For the Year Ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Resources (Inflows):			
Local Taxes	\$ 50,000	\$ 129,213	\$ 79,213
State Taxes	1,134,000	1,591,918	457,918
State Grants	-	-	-
Licenses, fines and permits	61,000	133,034	72,034
Franchise fee	75,000	110,917	35,917
Cemetery income	24,600	27,510	2,910
Interest	1,000	2,092	1,092
Miscellaneous	79,100	87,635	8,535
Other financing sources - fund balance	<u>151,918</u>	<u>-</u>	<u>(151,918)</u>
Amounts available for appropriation	<u>1,576,618</u>	<u>2,082,319</u>	<u>505,701</u>
Charges to Appropriation (Outflows):			
General & Administrative	1,066,600	300,759	(765,841)
Public Safety	1,509,500	1,138,750	(370,750)
Cemetery	131,800	30,467	(101,333)
City Parks & Buildings	434,300	133,160	(301,140)
Economic Development	143,100	66,527	(76,573)
Capital Outlay	693,000	58,637	(634,363)
Operating Transfers Out	<u>-</u>	<u>1,700</u>	<u>1,700</u>
Total Charges to Appropriations	<u>3,978,300</u>	<u>1,730,000</u>	<u>(2,248,300)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	2,401,682	2,401,682	-
Change in Fund Balance	<u>(2,401,682)</u>	<u>352,319</u>	<u>2,754,001</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 2,754,001</u>	<u>\$ 2,754,001</u>

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 ECONOMIC DEVELOPMENT FUND
For the Year Ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Resources (Inflows):			
Local Taxes	\$ -	\$ -	\$ -
Interest	-	4,650	4,650
Miscellaneous	-	-	-
Other financing sources - fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>-</u>	<u>4,650</u>	<u>4,650</u>
Charges to Appropriation (Outflows):			
Economic Development	-	184	184
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>184</u>	<u>184</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	902,898	902,898	-
Change in Fund Balance	<u>-</u>	<u>4,466</u>	<u>4,466</u>
Fund Balance - End of Year	<u>\$ 902,898</u>	<u>\$ 907,364</u>	<u>\$ 4,466</u>

CITY OF CHILLICOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 ROAD AND BRIDGE FUND
For the Year Ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Resources (Inflows):			
Local Taxes	\$ 52,000	\$ 57,258	\$ 5,258
Equipment Rental	-	-	-
Tonnage Fees	30,000	24,000	(6,000)
Telecommunications Tax	220,000	230,720	10,720
Interest	-	439	439
Miscellaneous	-	1,140	1,140
Operating Transfers In	-	-	-
Other financing sources - fund balance	<u>1,167,085</u>	<u>-</u>	<u>(1,167,085)</u>
Amounts available for appropriation	<u>1,469,085</u>	<u>313,557</u>	<u>(1,155,528)</u>
Charges to Appropriation (Outflows):			
General & Administrative	107,000	64,099	(42,901)
Streets, Alleys & Sidewalks	1,599,500	291,719	(1,307,781)
Capital Outlay	<u>257,000</u>	<u>20,121</u>	<u>(236,879)</u>
Total Charges to Appropriations	<u>1,963,500</u>	<u>375,939</u>	<u>(1,587,561)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	494,415	494,415	-
Change in Fund Balance	<u>(494,415)</u>	<u>(62,382)</u>	<u>432,033</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 432,033</u>	<u>\$ 432,033</u>

CITY OF CHILLCOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FIRE PROTECTION FUND
For the Year Ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Resources (Inflows):			
Local Taxes	\$ 47,000	\$ 47,856	\$ 856
Interest	-	91	91
Miscellaneous	-	-	-
Grant revenue	-	12,206	12,206
Operating transfers in	-	-	-
Other financing sources - fund balance	<u>414,595</u>	<u>-</u>	<u>(414,595)</u>
Amounts available for appropriation	<u>461,595</u>	<u>60,153</u>	<u>(401,442)</u>
Charges to Appropriation (Outflows):			
General & Administrative	6,000	2,294	(3,706)
Public Safety	50,000	4,430	(45,570)
Debt Service	20,000	12,500	(7,500)
Capital Outlay	<u>580,000</u>	<u>116,241</u>	<u>(463,759)</u>
Total Charges to Appropriations	<u>656,000</u>	<u>135,465</u>	<u>(520,535)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	194,405	194,405	-
Change in Fund Balance	<u>(194,405)</u>	<u>(75,312)</u>	<u>119,093</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 119,093</u>	<u>\$ 119,093</u>

CITY OF CHILLCOTHE, ILLINOIS
 REQUIRED SUPPLEMENTAL INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 TAX INCREMENT FINANCING (TIF) FUND
For the Year Ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Resources (Inflows):			
Local Taxes	\$ 454,000	\$ 465,056	\$ 11,056
Interest	-	708	708
Miscellaneous	-	17,250	17,250
Other financing sources - fund balance	<u>2,367,658</u>	<u>-</u>	<u>(2,367,658)</u>
Amounts available for appropriation	<u>2,821,658</u>	<u>483,014</u>	<u>(2,338,644)</u>
Charges to Appropriation (Outflows):			
General & Administrative	322,700	12,539	(310,161)
Streets & Alleys	632,000	42,414	(589,586)
Economic Development	2,508,000	355,339	(2,152,661)
Debt Service	-	1,701	
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>3,462,700</u>	<u>411,993</u>	<u>(3,052,408)</u>
Fund Balance Reconciliation			
Fund Balance - Beginning of Year	641,042	641,042	-
Change in Fund Balance	<u>(641,042)</u>	<u>71,021</u>	<u>712,063</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 712,063</u>	<u>\$ 712,063</u>

CITY OF CHILLICOTHE, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
April 30, 2013

	<u>Police</u> Protection <u>Fund</u>	<u>Motor</u> Fuel Tax <u>Fund</u>	<u>Civil</u> Defense <u>Fund</u>	<u>Tort</u> Liability <u>Fund</u>	<u>Audit</u> <u>Fund</u>	<u>Social</u> Security <u>Fund</u>	<u>Hotel/</u> Motel Tax <u>Fund</u>	<u>Totals</u>
<u>ASSETS</u>								
Cash	\$ 56,430	\$ 3,005	\$ 308	\$ 36,417	\$ 2,841	\$ 16,457	\$ 265	\$ 115,723
Investments	90,238	171,295	4,901	38,129	21,507	408	10,993	337,471
Taxes receivable	41,500	10,485	1,480	98,800	15,900	101,200	-	269,365
Due from other funds	7,474	-	-	-	-	-	-	7,474
Interest receivable	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
	<u>195,642</u>	<u>184,785</u>	<u>6,689</u>	<u>173,346</u>	<u>40,248</u>	<u>118,065</u>	<u>11,258</u>	<u>730,033</u>
<u>LIABILITIES AND FUND BALANCE</u>								
Liabilities:								
Accounts payable	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	41,500	-	1,480	98,800	15,900	101,200	-	258,880
	<u>41,500</u>	<u>-</u>	<u>1,480</u>	<u>98,800</u>	<u>15,900</u>	<u>101,200</u>	<u>-</u>	<u>258,880</u>
Total Liabilities	41,500	-	1,480	98,800	15,900	101,200	-	258,880
Fund Balance	<u>154,142</u>	<u>184,785</u>	<u>5,209</u>	<u>74,546</u>	<u>24,348</u>	<u>16,865</u>	<u>11,258</u>	<u>471,153</u>
Total Liabilities and Fund Balance	<u>\$ 195,642</u>	<u>\$ 184,785</u>	<u>\$ 6,689</u>	<u>\$ 173,346</u>	<u>\$ 40,248</u>	<u>\$ 118,065</u>	<u>\$ 11,258</u>	<u>\$ 730,033</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, 2013

	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	\$ 41,209	\$ -	\$ 1,482	\$ 92,814	\$ 15,860	\$ 87,242	\$ -	\$ 238,607
Telecommunications tax	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	16,916	16,916
Motor Fuel Tax	-	145,185	-	-	-	-	-	145,185
Replacement tax	953	-	34	2,171	368	2,021	-	5,547
Grant revenue	-	-	-	-	-	-	-	-
Interest	44	129	9	152	18	62	2	416
Equipment rental	-	-	-	-	-	-	-	-
Fees & Assessments	81,658	-	-	-	-	-	-	81,658
Miscellaneous	3,185	26,039	-	-	-	1,347	-	30,571
Total Revenues	<u>127,049</u>	<u>171,353</u>	<u>1,525</u>	<u>95,137</u>	<u>16,246</u>	<u>90,672</u>	<u>16,918</u>	<u>518,900</u>
<u>Expenditures</u>								
Current:								
General Government	-	-	-	89,000	12,000	84,596	-	185,596
Streets, alleys & Sidewalks	-	122,367	-	-	-	-	-	122,367
Public Safety	18,214	-	-	-	-	-	-	18,214
Economic Development	-	-	-	-	-	-	9,204	9,204
Capital Expenditures	49,609	-	7,874	-	-	-	-	57,483
Total Expenditures	<u>67,823</u>	<u>122,367</u>	<u>7,874</u>	<u>89,000</u>	<u>12,000</u>	<u>84,596</u>	<u>9,204</u>	<u>392,864</u>
Excess of Revenues Over (Under) Expenditures	<u>59,226</u>	<u>48,986</u>	<u>(6,349)</u>	<u>6,137</u>	<u>4,246</u>	<u>6,076</u>	<u>7,714</u>	<u>126,036</u>
<u>Other Financing Sources (Uses)</u>								
Transfers In	-	-	-	-	-	1,700	-	1,700
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	1,700	-	1,700
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	59,226	48,986	(6,349)	6,137	4,246	7,776	7,714	127,736
Fund Balance, Beginning	<u>94,916</u>	<u>135,799</u>	<u>11,558</u>	<u>68,409</u>	<u>20,102</u>	<u>9,089</u>	<u>3,544</u>	<u>343,417</u>
Fund Balance, Ending	<u>\$ 154,142</u>	<u>\$ 184,785</u>	<u>\$ 5,209</u>	<u>\$ 74,546</u>	<u>\$ 24,348</u>	<u>\$ 16,865</u>	<u>\$ 11,258</u>	<u>\$ 471,153</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, 2013

	<u>Certified</u> <u>Estimate</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<u>Revenues</u>			
State and Federal Revenue:			
Income taxes	\$ 373,000	\$ 538,446	\$ 165,446
Sales tax	690,000	948,354	258,354
Local Use tax	70,000	96,864	26,864
Personal property replacement tax	1,000	2,033	1,033
State grant	-	6,221	6,221
	<u>1,134,000</u>	<u>1,591,918</u>	<u>457,918</u>
Local Taxes:			
Property Tax	87,939	87,176	(763)
Entertainment Tax	<u>50,000</u>	<u>42,037</u>	<u>(7,963)</u>
	<u>137,939</u>	<u>129,213</u>	<u>(8,726)</u>
Other Local Revenues:			
Licenses	18,000	20,915	2,915
Fines	35,000	104,066	69,066
Permits and zoning fees	8,000	8,053	53
Cemetery lot sales	11,000	10,700	(300)
Cemetery grave openings	13,000	15,210	2,210
Cemetery foundation permits	600	1,600	1,000
Rentals	1,800	1,800	-
Cable TV franchise	75,000	110,917	35,917
Interest	1,000	2,092	1,092
Expense reimbursements	77,300	80,714	3,414
Donations	-	233	233
Miscellaneous	<u>-</u>	<u>4,888</u>	<u>4,888</u>
	<u>240,700</u>	<u>361,188</u>	<u>120,488</u>
 Total Revenues	 <u>\$ 1,512,639</u>	 <u>\$ 2,082,319</u>	 <u>\$ 569,680</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, 2013

	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Official salaries -			
Mayor and Aldermen	\$ 40,000	\$ 33,189	\$ 6,811
City Clerk	11,000	7,350	3,650
City Treasurer	5,500	3,300	2,200
Office Manager	41,000	30,054	10,946
Zoning Officer	5,200	4,020	1,180
Building Code Inspector	12,000	-	12,000
Plat Officer	5,000	-	5,000
City Collector	26,000	20,258	5,742
Deputy - City Clerk	12,000	-	12,000
Liquor Commissioner	500	286	214
	<u>158,200</u>	<u>98,457</u>	<u>59,743</u>
Wages - Office	34,000	15,647	18,353
Wages - Part-time Office	-	-	-
Telephone expense	13,000	4,318	8,682
Dues & Subscriptions	4,000	2,271	1,729
Postage expense	6,000	354	5,646
Printing expense	13,000	384	12,616
Garbage disposal	12,000	4,384	7,616
Check printing & bank service charge	5,000	25	4,975
Miscellaneous	10,000	484	9,516
Employee Deferred Compensation	5,000	2,820	2,180
Social security retirement expense	10,000	-	10,000
Uniform expense	700	-	700
Operating supplies	10,000	4,895	5,105
Office Equipment	48,000	-	48,000
Legal services	175,000	59,420	115,580
Engineer fees	40,000	270	39,730
Street light expense	55,000	34,030	20,970
Travel & Entertainment	5,000	203	4,797
Convention, seminars & workshops	25,000	3,009	21,991
Election expense	1,500	-	1,500
Community Planning	10,000	263	9,737
Zoning Board expense	3,500	603	2,897
Board of Fire & Police Commission	15,000	4,175	10,825
Codification of Ordinances	20,000	3,468	16,532
Contingency Fund	50,000	-	50,000
Special Civic Activities	5,000	503	4,497
Public Official Bonds	3,000	-	3,000
Maintenance & Repair - Equipment	12,000	2,505	9,495
Insurance - Employee Benefit Group	42,000	33,823	8,177
Insurance - Unemployment	50,000	1,553	48,447
Insurance - General Coverage	35,000	16,469	18,531
Tree City, USA	6,000	904	5,096
Comprehensive Sidewalk Program	45,000	-	45,000
Tree Removal	20,000	1,400	18,600

CITY OF CHILLICOTHE, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - APPROPRIATED AND ACTUAL
For The Year Ended April 30, 2013
(Continued)

	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Expenditures: (Continued)</u>			
Current:			
General Government:			
Publication - Bids and Elections	11,500	1,043	10,457
Publication - Ordinance	6,000	630	5,370
Publication - Other	-	-	-
Professional Service Fee	25,000	1,295	23,705
Computer Software and Training	19,200	-	19,200
Annual Audit	3,000	-	3,000
Random Testing	5,000	1,154	3,846
Annexation incentive	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	<u>908,400</u>	<u>202,302</u>	<u>706,098</u>
Total General Government	<u>1,066,600</u>	<u>300,759</u>	<u>765,841</u>
Public Safety:			
Police Department:			
Police Chief - Salary	72,000	63,715	8,285
Police Labor - Wages	815,000	712,054	102,946
Deferred Compensation	12,000	4,758	7,242
Health Insurance	210,000	195,984	14,016
Uniform Expense	12,000	7,315	4,685
Gas and Oil	70,000	44,960	25,040
Telephone	12,000	8,596	3,404
Rental - Equipment	5,000	-	5,000
Dues and Subscriptions	3,500	1,477	2,023
Printing Expense	2,000	642	1,358
Miscellaneous	5,000	1,286	3,714
Office Supplies & Postage	12,000	3,215	8,785
Office Equipment	15,000	-	15,000
Travel Expense	2,000	19	1,981
Training Schools & Tuitions	24,000	4,056	19,944
Maintenance & Repair - Equipment	18,000	7,661	10,339
Maintenance & Repair - Vehicles	23,000	13,529	9,471
Animal Control Services	20,000	11,911	8,089
Jail Fees	<u>5,000</u>	<u>3,496</u>	<u>1,504</u>
	<u>1,337,500</u>	<u>1,084,674</u>	<u>252,826</u>
Fire Department:			
Salary - Fire Chief	25,000	12,411	12,589
Uniform Expense	39,000	22,410	16,590
Automobile Expense - Fire Chief	2,000	320	1,680
Utilities - Heating & Lighting	22,000	9,014	12,986
Gas and Oil	7,000	-	7,000
Telephone	8,000	3,317	4,683
Miscellaneous	1,500	-	1,500
Supplies - Cleaning	1,500	181	1,319
Maintenance & Repair - Equipment	10,000	6,423	3,577
Maintenance & Repair - Vehicles	22,000	-	22,000
Department Restructuring	30,000	-	30,000
Insurance - Vehicles and Other	500	-	500
Conventions & Seminars	<u>3,500</u>	<u>-</u>	<u>3,500</u>
	<u>172,000</u>	<u>54,076</u>	<u>117,924</u>
Total Public Safety	<u>1,509,500</u>	<u>1,138,750</u>	<u>370,750</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, 2013
(Continued)

<u>Expenditures: (Continued)</u>	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Current:</u>			
Cemetery:			
Wages - Cemetery Labor	46,000	22,352	23,648
Gas and Oil	10,000	3,540	6,460
Miscellaneous	2,000	56	1,944
Supplies - Materials	5,500	1,264	4,236
Equipment - Operating	3,000	42	2,958
Equipment Rental	3,000	-	3,000
Engineer Fees	10,000	-	10,000
Trees, Shrubs, Sod & Seed	3,000	94	2,906
Maintenance & Repair - Equipment	6,000	931	5,069
Maintenance & Repair - Grave Stones	4,000	465	3,535
Maintenance & Repair - Fence	10,000	-	10,000
Maintenance & Repair - Vehicles	2,500	323	2,177
Maintenance & Repair - Streets	3,000	-	3,000
Maintenance & Repair - Building	3,500	-	3,500
Tree & Stump Removal	2,500	-	2,500
Telephone	1,500	137	1,363
Office Supplies & Software	5,800	692	5,108
Cemetery Records System	4,000	-	4,000
Unemployment Insurance	5,000	-	5,000
Employee Deferred Compensation	1,500	571	929
Total Cemetery	<u>131,800</u>	<u>30,467</u>	<u>101,333</u>
City Parks and Buildings:			
City Parks:			
Wages - Parks Labor	38,000	20,779	17,221
Deferred Compensation	1,000	483	517
Gas and Oil	6,000	-	6,000
Tree Removal	1,000	-	1,000
Miscellaneous	2,000	-	2,000
Supplies - Materials	4,000	2,903	1,097
Equipment - Operating & Recreational	2,000	1,238	762
Trees, Shrubs, Sod & Seed	2,000	-	2,000
Maintenance & Repair - Benches/Tables	2,000	-	2,000
Maintenance & Repair - Equipment	5,000	916	4,084
Maintenance & Repair - Vehicles	5,000	256	4,744
Maintenance & Repair - Boat Ramp	10,000	-	10,000
Maintenance & Repair - Moffitt Park	10,000	-	10,000
Park Land Improvements	30,000	300	29,700
Rentals	3,000	1,092	1,908
Total Parks and Buildings	<u>121,000</u>	<u>27,967</u>	<u>93,033</u>
City Buildings:			
Wages - Janitor	35,000	31,519	3,481
Part-time Labor	21,000	8,940	12,060
Health Insurance	16,000	13,816	2,184
Utilities - Heating & Lighting	75,000	36,643	38,357
Equipment Rental	1,000	-	1,000
Uniform Expense	800	350	450
Supplies - Materials & Cleaning	5,000	2,243	2,757
Miscellaneous	2,100	-	2,100
Equipment - Office	4,000	-	4,000
Maintenance & Repair - Buildings	140,000	8,168	131,832
Maintenance & Repair - Equipment	4,000	-	4,000
Maintenance & Repair - Parks	3,000	1,349	1,651
Professional Services	3,000	-	3,000
Employee Deferred Compensation	2,400	1,565	835
Car Allowance	1,000	600	400
Total Parks and Buildings	<u>313,300</u>	<u>105,193</u>	<u>208,107</u>
Total Parks and Buildings	<u>434,300</u>	<u>133,160</u>	<u>301,140</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, 2013
(Continued)

	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Expenditures:</u> (Continued)			
Current:			
Economic Development:			
Wages - Director	65,000	48,596	16,404
Telephone	2,000	911	1,089
Miscellaneous	2,000	-	2,000
Office Equipment & Supplies	5,500	179	5,321
Travel Expense	3,000	496	2,504
Uniform Expense	500	500	-
Seminars/Workshops	5,000	48	4,952
Dues & Subscriptions	2,000	381	1,619
Postage expense	1,000	-	1,000
Unemployment	6,000	-	6,000
Maintenance & Repair - Equipment	1,200	-	1,200
Professional Services	11,000	-	11,000
Insurance - Employees	15,000	13,816	1,184
Deferred Compensation	3,900	-	3,900
Comprehensive Plan	12,000	-	12,000
Engineering	5,000	-	5,000
Promotional material	<u>3,000</u>	<u>1,600</u>	<u>1,400</u>
Total Economic Development	<u>143,100</u>	<u>66,527</u>	<u>76,573</u>
Total Current Expenditures	<u>3,285,300</u>	<u>1,669,663</u>	<u>1,615,637</u>
Capital Expenditures:			
Administrative	50,000	8,930	41,070
Police Department	95,000	9,171	85,829
Fire Department	290,000	14,616	275,384
Cemetery and Parks	171,000	4,685	166,315
Buildings Department	87,000	21,235	65,765
Debt Service:	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures Before Other Financing Sources (Uses)	<u>3,978,300</u>	<u>1,728,300</u>	<u>2,250,000</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	(2,465,661)	354,019	2,819,680
Other Financing Sources (Uses):			
Operating transfers In	-	-	-
Operating transfers Out	<u>18,000</u>	<u>(1,700)</u>	<u>16,300</u>
Excess of Revenues Over Expenditures	<u>\$ (2,483,661)</u>	352,319	<u>\$ 2,835,980</u>
Fund Balance, Beginning		<u>2,401,682</u>	
Fund Balance, Ending		<u>\$ 2,754,001</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, 2013

	<u>Certified Estimate</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<u>Revenues</u>			
Property taxes	\$ 18,000	\$ 41,209	\$ 23,209
Replacement tax	-	953	953
Fines	-	5,658	5,658
Grants	-	-	-
Vehicle Impoundment	41,500	76,000	34,500
Interest	-	44	44
Miscellaneous	-	3,185	3,185
	<u>59,500</u>	<u>127,049</u>	<u>67,549</u>
			(Over) Under
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	<u>Budget</u>
Public Safety:			
LEADS Program	9,000	5,557	3,443
Training Schools	12,000	-	12,000
Supplies	7,000	-	7,000
Dues & Subscriptions	3,200	1,881	1,319
Maintenance & Repair - Equipment	18,000	5,659	12,341
K-9 Expenses	17,000	3,536	13,464
Miscellaneous	1,000	1,581	(581)
Total Public Safety	<u>67,200</u>	<u>18,214</u>	<u>48,986</u>
Capital:			
Equipment	27,000	17,800	9,200
Police car purchases	50,000	31,809	18,191
Total Capital	<u>77,000</u>	<u>49,609</u>	<u>27,391</u>
Total Expenditures	<u>144,200</u>	<u>67,823</u>	<u>76,377</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (84,700)</u>	59,226	<u>\$ 143,926</u>
<u>Fund Balance, Beginning</u>		<u>94,916</u>	
<u>Fund Balance, Ending</u>		<u>\$ 154,142</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, 2013

	<u>Certified</u> <u>Estimate</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<u>Revenues</u>			
Motor Fuel Tax Allotments	\$ -	\$ 145,185	\$ 145,185
Miscellaneous	-	26,039	
Interest Income	-	<u>129</u>	<u>129</u>
 Total Revenues	 -	 <u>171,353</u>	 <u>171,353</u>
	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under</u> <u>Budget</u>
<u>Expenditures</u>			
Current:			
Wages	\$ 30,000	-	\$ 30,000
Equipment Rental	30,000	-	30,000
Culverts	8,000	-	8,000
Sealcoating and Crack Filling	70,000	-	70,000
Manhole Rings	3,000	-	3,000
Patch and Aggregate	100,000	6,836	93,164
Traffic Control and Signing	3,000	-	3,000
Salt & Cinders	40,000	-	40,000
Miscellaneous	1,000	-	1,000
Fill Sand & Gravel	6,000	4,030	1,970
Street Signs	6,000	1,181	4,819
Line Marker Paint	5,000	-	5,000
Overlay	160,000	96,696	63,304
Engineering	<u>65,000</u>	<u>13,624</u>	<u>51,376</u>
 Total Expenditures	 <u>527,000</u>	 <u>122,367</u>	 <u>404,633</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (527,000)</u>	48,986	<u>\$ 575,986</u>
<u>Fund Balance, Beginning</u>		<u>135,799</u>	
<u>Fund Balance, Ending</u>		<u>\$ 184,785</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, 2013

	<u>Certified</u> <u>Estimate</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 52,000	\$ 56,901	\$ 4,901
Replacement Tax	-	357	357
Equipment Rental	-	-	-
Tonnage Fees	30,000	24,000	(6,000)
Interest	-	439	439
Stimulus Reimbursement	-	-	-
Miscellaneous	-	1,140	1,140
Telecommunication Tax	<u>220,000</u>	<u>230,720</u>	<u>10,720</u>
Total Revenues	<u>302,000</u>	<u>313,557</u>	<u>11,557</u>
			<u>(Over) Under</u> <u>Budget</u>
<u>Expenditures</u>			
Current:			
General Government:			
Insurance - General	2,000	-	2,000
Insurance - Employees	62,000	56,263	5,737
Insurance - Unemployment	12,000	-	12,000
Telephone	4,000	2,117	1,883
Bank Charges	1,000	-	1,000
Miscellaneous	4,500	-	4,500
Office Supplies	3,500	-	3,500
Deferred Compensation	15,000	5,719	9,281
Office Equipment Maintenance	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total General Government	<u>107,000</u>	<u>64,099</u>	<u>42,901</u>
Streets, Alleys & Sidewalks:			
Wages - Department Head	35,000	9,654	25,346
Wages - Labor	210,000	120,927	89,073
Gas & Oil	35,000	15,927	19,073
Equipment Rental	31,000	8,164	22,836
Fill Sand & Gravel	1,500	-	1,500
Miscellaneous	-	626	(626)
Supplies - Operating	12,000	4,433	7,567
Equipment - Operating	10,000	-	10,000
Trees, Shrubs, Sod & Seed	500	-	500
New Construction - Streets, Alleys, Sidewalks	550,000	-	550,000
Maintenance & Repair - Equipment	12,000	6,528	5,472
Maintenance & Repair - Vehicles	15,000	8,523	6,477
Maintenance & Repair - Dry Wells	80,000	4,444	75,556
Utilities - Stop Lights	10,000	2,168	7,832
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, 2013
(Continued)

	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
<u>Expenditures</u> (Continued)			
Current:			
Streets, Alleys & Sidewalks (Continued)			
Maintenance & Repair - Bridge	200,000	-	200,000
Maintenance & Repair - Building	30,000	-	30,000
Maintenance & Repair - Streets, Alleys & Sidewalks	190,000	108,270	81,730
Maintenance & Repair - Street Signs & Traffic Lights	-	-	-
Uniforms	4,000	1,641	2,359
Patch	500	-	500
Snow Removal	5,000	-	5,000
Drainage Improvements	100,000	-	100,000
Engineering	28,000	-	28,000
Pest Control	<u>10,000</u>	<u>414</u>	<u>9,586</u>
Total Streets, Alleys & Sidewalks	<u>1,599,500</u>	<u>291,719</u>	<u>1,307,781</u>
Capital:	<u>257,000</u>	<u>20,121</u>	<u>236,879</u>
Total Expenditures	<u>1,963,500</u>	<u>375,939</u>	<u>1,587,561</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(1,661,500)	(62,382)	1,599,118
Other Financing Sources (Uses):			
Operating Transfers Out	-	-	-
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (1,661,500)</u>	(62,382)	<u>\$ 1,599,118</u>
<u>Fund Balance</u> , Beginning		<u>494,415</u>	
<u>Fund Balance</u> , Ending		<u>\$ 432,033</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, 2013

	<u>Certified Estimate</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 47,000	\$ 46,765	\$ (235)
Replacement Tax	-	1,091	1,091
Grant Revenue	-	-	-
Foreign Fire Insurance Tax	-	12,206	12,206
Interest Income	-	91	91
Miscellaneous Income	-	-	-
	<u>47,000</u>	<u>60,153</u>	<u>13,153</u>
Total Revenues			
 <u>Expenditures</u>			
	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Current:			
General Government:			
Conventions and Seminars	4,000	2,139	1,861
Miscellaneous	2,000	155	1,845
Public Safety:			
Maintenance & Repairs	50,000	4,430	45,570
Debt Service:			
	20,000	12,500	7,500
Capital:			
	<u>580,000</u>	<u>116,241</u>	<u>463,759</u>
Total Expenditures	<u>656,000</u>	<u>135,465</u>	<u>516,829</u>
 Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)			
	(609,000)	(75,312)	529,982
 Other Financing Sources (Uses):			
Operating Transfers Out	-	-	-
Operating Transfers In	-	-	-
 Excess of Revenues Over (Under) Expenditures			
	<u>\$ (609,000)</u>	(75,312)	<u>\$ 529,982</u>
 <u>Fund Balance, Beginning</u>			
		<u>194,405</u>	
 <u>Fund Balance, Ending</u>			
		<u>\$ 119,093</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, 2013

	<u>Certified Estimate</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 1,490	\$ 1,482	\$ (8)
Replacement Tax	-	34	34
Interest Income	-	9	9
	<u>1,490</u>	<u>1,525</u>	<u>35</u>
Total Revenues			
 <u>Expenditures</u>			
	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Current:			
Public Safety:			
Gas and Oil	500	-	500
Alternate Communication	3,000	-	3,000
Miscellaneous	1,000	-	1,000
Equipment Maintenance	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total Public Safety	8,500	-	8,500
Capital:	<u>19,000</u>	<u>7,874</u>	<u>11,126</u>
Total Expenditures	<u>27,500</u>	<u>7,874</u>	<u>19,626</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (26,010)</u>	(6,349)	<u>\$ 19,661</u>
<u>Fund Balance, Beginning</u>		<u>11,558</u>	
<u>Fund Balance, Ending</u>		<u>\$ 5,209</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, 2013

	<u>Certified</u> <u>Estimate</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<u>Revenues</u>			
Economic Development Loan Repayments	\$ 24,730	\$ -	\$ (24,730)
Interest Income	-	4,650	4,650
Miscellaneous	-	-	-
Total Revenues	<u>24,730</u>	<u>4,650</u>	<u>(20,080)</u>
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under</u> <u>Budget</u>
Current:			
General Government:			
Legal Fees & Miscellaneous	-	184	(184)
Capital: Economic Development Loans	-	<u>120,000</u>	<u>(120,000)</u>
Total Expenditures	-	<u>120,184</u>	<u>(120,184)</u>
Excess of Revenues Over (Under)			
Expenditures before Adjustments	<u>\$ 24,730</u>	<u>(115,534)</u>	<u>\$ (140,264)</u>
Adjustments for Items Not Affecting			
Fund Balance:			
Loan Principal Repayments		-	
Principal Amount of New Loans		<u>120,000</u>	
Total Adjustments		<u>120,000</u>	
Excess of Revenues Over			
(Under) Expenditures		4,466	
<u>Fund Balance, Beginning</u>		<u>902,898</u>	
<u>Fund Balance, Ending</u>		<u>\$ 907,364</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, 2013

	<u>Certified</u> <u>Estimate</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 93,622	\$ 92,814	\$ (808)
Replacement Tax	-	2,171	2,171
Interest Income	-	<u>152</u>	<u>152</u>
Total Revenues	<u>93,622</u>	95,137	<u>1,515</u>
 <u>Expenditures</u>			
	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under</u> <u>Budget</u>
Current:			
General Government:			
Tort Judgments and Liability Insurance	<u>200,000</u>	<u>89,000</u>	<u>111,000</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (106,378)</u>	6,137	<u>\$ 112,515</u>
<u>Fund Balance, Beginning</u>		<u>68,409</u>	
<u>Fund Balance, Ending</u>		<u>\$ 74,546</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, 2013

	<u>Certified</u> <u>Estimate</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 15,995	\$ 15,860	\$ (135)
Replacement Tax	-	368	368
Interest	<u>-</u>	<u>18</u>	<u>18</u>
Total Revenues	15,995	16,246	251
 <u>Expenditures</u>			
	<u>Appropriated</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Current:			
General Government:			
Audit	<u>18,000</u>	<u>12,000</u>	<u>6,000</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,005)</u>	4,246	<u>\$ 6,251</u>
<u>Fund Balance, Beginning</u>		<u>20,102</u>	
<u>Fund Balance, Ending</u>		<u>\$ 24,348</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, 2013

	<u>Certified</u> <u>Estimate</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 88,005	\$ 87,242	\$ (763)
Replacement Tax	-	2,021	2,021
Interest Income	-	62	62
Miscellaneous Income	-	1,347	1,347
Operating Transfers In	-	<u>1,700</u>	<u>1,700</u>
Total Revenues	88,005	92,372	4,367
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under</u> <u>Budget</u>
Current:			
General Government:			
Social Security/Medicare Taxes	140,000	84,596	55,404
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>140,000</u>	<u>84,596</u>	<u>55,404</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (51,995)</u>	7,776	<u>\$ 59,771</u>
 <u>Fund Balance, Beginning</u>		<u>9,089</u>	
<u>Fund Balance, Ending</u>		<u>\$ 16,865</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, 2013

	<u>Certified Estimate</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 454,000	\$ 465,056	\$ 11,056
Redevelopment Escrow	-	-	-
Miscellaneous Income	-	17,250	17,250
Interest Income	-	708	708
Total Revenues	<u>454,000</u>	<u>483,014</u>	<u>29,014</u>
<u>Expenditures</u>			
Current:	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
General Government:			
Administration	231,200	-	231,200
Miscellaneous	-	909	(909)
Professional Fees	85,000	8,475	76,525
Dues	1,000	1,780	(780)
Travel and Meetings	<u>5,500</u>	<u>1,375</u>	<u>4,125</u>
Total General Government	<u>322,700</u>	<u>12,539</u>	<u>310,161</u>
Streets and Alleys:			
Street & Sidewalk Improvements	379,000	22,582	356,418
Stop Light Maintenance	33,000	18,565	14,435
Water Mains	175,000	-	175,000
Engineering	<u>45,000</u>	<u>1,267</u>	<u>43,733</u>
Total Streets and Alleys	<u>632,000</u>	<u>42,414</u>	<u>589,586</u>
Economic Development:			
Riverfront Improvements	840,000	261,910	578,090
Project Facelift	78,000	10,062	67,938
Commercial Rehabilitation Program	750,000	9,000	741,000
Property Acquisition	650,000	-	650,000
Demolition	50,000	9,600	40,400
Railroad Crossings	40,000	-	40,000
Signs	55,000	-	55,000
Park Improvements	<u>45,000</u>	<u>64,767</u>	<u>(19,767)</u>
Total Economic Development	<u>2,508,000</u>	<u>355,339</u>	<u>2,152,661</u>
Debt Service:			
Principal	13,000	11,029	1,971
Interest	-	1,701	(1,701)
Total Debt Service	<u>13,000</u>	<u>12,730</u>	<u>270</u>
Total Expenditures	<u>3,475,700</u>	<u>423,022</u>	<u>3,052,678</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (3,021,700)</u>	59,992	<u>\$ 3,081,692</u>
Adjustments for Items Not Affecting Fund Balance:			
Loan Principal Repayments		11,029	
<u>Fund Balance, Beginning</u>		<u>641,042</u>	
<u>Fund Balance, Ending</u>		<u>\$ 712,063</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, 2013

	<u>Certified</u> <u>Estimate</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<u>Revenues</u>			
Property Taxes	\$ 122,009	\$ 184,371	\$ 62,362
Replacement Tax	-	2,397	2,397
Employee Contributions	-	49,948	49,948
Interest Income	-	26,484	26,484
Miscellaneous Income	-	-	-
	<u>122,009</u>	<u>263,200</u>	<u>141,191</u>
Total Revenues			
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under</u> <u>Budget</u>
Current:			
General Government:			
Pension Payments	150,000	172,975	(22,975)
Termination Distributions	-	-	-
Miscellaneous	-	922	(922)
	<u>150,000</u>	<u>173,897</u>	<u>(23,897)</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>\$ (27,991)</u>	89,303	<u>\$ 117,294</u>
<u>Fund Balance, Beginning</u>		<u>2,757,436</u>	
<u>Fund Balance, Ending</u>		<u>\$ 2,846,739</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, 2013

<u>Revenues</u>	<u>Certified Estimate</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Hotel/Motel Tax	\$ 27,000	\$ 16,916	\$ (10,084)
Interest Income	-	2	2
Miscellaneous Income	-	-	-
	<u>27,000</u>	<u>16,918</u>	<u>(10,082)</u>
Total Revenues			
<u>Expenditures</u>	<u>Appropriation</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Current:			
Economic Development:			
Web Site	4,500	3,500	1,000
Postage	750	-	750
Advertising	12,500	1,900	10,600
Promotions	27,000	3,804	23,196
Scenic By Way	5,000	-	5,000
Dues & Subscriptions	3,000	-	3,000
Travel	2,500	-	2,500
Seminars	2,500	-	2,500
Office Supplies	1,000	-	1,000
Miscellaneous	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Expenditures	<u>59,750</u>	<u>9,204</u>	<u>50,546</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (32,750)</u>	7,714	<u>\$ 40,464</u>
<u>Fund Balance, Beginning</u>		<u>3,544</u>	
<u>Fund Balance, Ending</u>		<u>\$ 11,258</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, 2013

	<u>Certified</u> <u>Estimate</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<u>Revenues</u>			
User Charges	\$ 822,000	\$ 906,408	\$ 84,408
Service Fee	18,000	21,083	3,083
Interest Income	500	793	293
Miscellaneous	-	<u>4,034</u>	<u>4,034</u>
Total Revenues	<u>840,500</u>	<u>932,318</u>	<u>91,818</u>
(Over) Under			
<u>Expenditures</u>	<u>Appropriated</u>	<u>Actual</u>	<u>Budget</u>
Current:			
General and Administrative:			
Water Department:			
Wages - Office	60,000	48,602	11,398
Insurance - Employees Benefit	50,000	41,808	8,192
Social Security & Medicare Expense	30,000	16,008	13,992
Unemployment	9,000	-	9,000
Uniform Allowance	3,000	1,200	1,800
Employee Deferred Compensation	18,000	9,540	8,460
Telephone Expense	8,600	3,560	5,040
Dues & Subscriptions	2,000	729	1,271
Postage Expense	1,000	96	904
Printing Expense	2,000	135	1,865
Bank Charges	1,000	130	870
Miscellaneous	1,500	70	1,430
Office Supplies	5,000	803	4,197
Office Space Rental	2,000	975	1,025
Office Equipment	10,000	-	10,000
Insurance - General Coverage	10,000	7,000	3,000
Computer Software	5,000	2,500	2,500
Billing & Posting Expense	9,000	5,315	3,685
Maintenance & Repair - Equipment	10,000	-	10,000
Travel Expense	3,000	258	2,742
Seminars and Workshops	3,000	460	2,540
Bond Interest Expense	<u>175,000</u>	<u>67,773</u>	<u>107,227</u>
	<u>418,100</u>	<u>206,962</u>	<u>211,138</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, 2013
(Continued)

<u>Expenditures (Continued)</u>	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Current:			
General and Administrative:			
Sewer Department:			
Wages - Office	50,000	48,572	1,428
Insurance - Employees Benefit	40,000	27,871	12,129
Social Security Expense	18,000	6,689	11,311
Employee Deferred Compensation	10,000	5,181	4,819
Uniform Allowance	2,000	824	1,176
Telephone Expense	2,000	558	1,442
Dues & Subscriptions	500	-	500
Postage Expense	1,000	-	1,000
Printing Expense	1,000	-	1,000
Bank Charges	-	-	-
Miscellaneous	2,000	-	2,000
Legal	-	-	-
Office Supplies	5,000	50	4,950
Computer Software	2,000	-	2,000
Office Equipment	5,000	-	5,000
Professional Fees	2,000	-	2,000
Office Space Rental	1,000	825	175
Insurance - General Coverage	7,000	7,000	-
Billing & Posting Expense	6,000	5,124	876
Transfer to Other Funds	-	-	-
Maintenance & Repair - Equipment	5,000	-	5,000
Travel	-	-	-
Seminars and Workshops	500	-	500
	<u>160,000</u>	<u>102,694</u>	<u>57,306</u>
Total General and Administrative	<u>578,100</u>	<u>309,656</u>	<u>268,444</u>
System Operations:			
Water Department:			
Salaries - Department Head	30,000	14,480	15,520
Wages - Labor	195,000	156,854	38,146
Utilities	75,000	47,344	27,656
Gas & Oil	20,000	9,363	10,637
Equipment Rental	10,800	5,084	5,716
Fill Sand & Gravel	2,000	-	2,000
Fluoridation & Chlorine	10,000	6,477	3,523
Miscellaneous	15,500	-	15,500
Supplies - Operating	22,000	11,965	10,035
Equipment - Operating	15,000	5,510	9,490
Maintenance & Repair-Plant & System	280,500	15,072	265,428
Maintenance & Repair - Equipment	25,000	1,998	23,002
Maintenance & Repair - Vehicles	20,000	746	19,254
Maintenance & Repair - Building	20,000	9,456	10,544
Engineering	20,000	780	19,220
Utility Locating Service	5,000	1,769	3,231
Meter Reading Fees	7,000	6,575	425
Water Testing Fees	25,000	7,678	17,322
	<u>797,800</u>	<u>301,151</u>	<u>496,649</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, 2013
(Continued)

	<u>Appropriated</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Expenditures (Continued)</u>			
Current:			
System Operations:			
Sewer Department:			
Salaries - Department Head	30,000	14,481	15,519
Wages - Labor	61,000	30,759	30,241
Utilities	15,000	2,774	12,226
Gas & Oil	12,000	8,075	3,925
Equipment Rental	7,500	3,839	3,661
Copper Sulfate	5,000	2,882	2,118
Supplies - Operating	12,000	3,262	8,738
Equipment - Operating	10,000	554	9,446
Maintenance & Repair-Plant & System	108,500	24,565	83,935
Maintenance & Repair - Equipment	12,000	1,206	10,794
Maintenance & Repair - Vehicles	10,000	1,387	8,613
Maintenance & Repair - Building	10,000	-	10,000
Engineering	10,000	-	10,000
Meter Reading Fees	7,000	6,575	425
Testing Fees	10,000	-	10,000
	<u>320,000</u>	<u>100,359</u>	<u>219,641</u>
Total System Operations	<u>1,117,800</u>	<u>401,510</u>	<u>716,290</u>
Capital	<u>825,000</u>	<u>189,885</u>	<u>635,115</u>
Total Expenditures	<u>2,520,900</u>	<u>901,051</u>	<u>1,619,849</u>
Excess of Revenues Over (Under) Expenditures Before Adjustments	<u>\$ (1,680,400)</u>	31,267	<u>\$ 1,711,667</u>
Adjustments in Conformance with Generally Accepted Accounting Principles:			
Expenditures Not Affecting Net Income - - Capital Purchases		189,885	
Non-Cash Expenses Not Included in Expenditures - - Depreciation		<u>(90,958)</u>	
Net Income (Loss)		130,194	
Retained Earnings, Beginning		<u>1,932,129</u>	
Retained Earnings, Ending		<u>\$ 2,062,323</u>	

CITY OF CHILLICOTHE, ILLINOIS
 SCHEDULE OF INTERFUND PAYABLES AND RECEIVABLES
April 30, 2013

----- Due To -----	----- Due From -----	Per Audit <u>4/30/12</u>	<u>Additions</u>	<u>Repayments</u>	Per Audit <u>4/30/13</u>
Police Protection Fund	General Fund	\$ 7,474	\$ -	\$ -	\$ 7,474
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 7,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,474</u>

CITY OF CHILLICOTHE, ILLINOIS
 SCHEDULE OF INVESTMENTS
April 30, 2013

	<u>Total</u>
<u>General Fund</u>	
The Illinois Funds (Investment Pool)	\$ <u>2,411,542</u>
 <u>Police Protection Fund</u>	
The Illinois Funds (Investment Pool)	<u>90,238</u>
 <u>Motor Fuel Tax Fund</u>	
The Illinois Funds (Investment Pool)	<u>171,295</u>
 <u>Road and Bridge Fund</u>	
The Illinois Funds (Investment Pool)	<u>427,738</u>
 <u>Fire Protection Fund</u>	
The Illinois Funds (Investment Pool)	<u>113,154</u>
 <u>Civil Defense Fund</u>	
The Illinois Funds (Investment Pool)	<u>4,901</u>
 <u>Economic Development Fund</u>	
The Illinois Funds (Investment Pool)	<u>647,861</u>
 <u>Audit Fund</u>	
The Illinois Funds (Investment Pool)	<u>21,507</u>
 <u>Tort Liability Fund</u>	
The Illinois Funds (Investment Pool)	<u>38,129</u>
 <u>Social Security Fund</u>	
The Illinois Funds (Investment Pool)	<u>408</u>
 <u>Tax Increment Financing Fund</u>	
The Illinois Funds (Investment Pool)	<u>734,443</u>
 <u>Police Pension Fund</u>	
Insured Money Market Account:	
South Side Trust & Savings	88,290
Certificates of Deposit:	
Commerce Bank	-
South Side Trust & Savings	1,174,463
First National Bank	<u>1,382,094</u>
	<u>2,644,847</u>
 <u>Hotel/Motel Tax Fund</u>	
The Illinois Funds (Investment Pool)	<u>10,993</u>
 <u>Waterworks and Sewerage Fund</u>	
Insured Money Market Account:	
First National Bank	136,268
The Illinois Funds (Investment Pool)	462,995
The Illinois Funds (Investment Pool) (Project Fund)	<u>101,563</u>
	<u>700,826</u>
 Total - All Funds	 \$ <u>8,017,882</u>

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

Tax Year	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Equalized Assessed Valuation (EAV)	\$ 88,631,357	\$ 89,242,417	\$ 90,009,643	\$ 85,720,663	\$ 84,678,067	\$ 79,621,447	\$ 80,776,407	\$ 75,713,945	\$ 73,072,422
Less: TIF District EAV	(6,308,990)	(6,217,800)	(6,217,730)	(5,579,040)	(6,116,720)	(5,645,600)	(9,537,578)	(8,531,777)	(8,424,067)
Taxable Assessed Valuation	<u>\$ 82,322,367</u>	<u>\$ 83,024,617</u>	<u>\$ 83,791,913</u>	<u>\$ 80,141,623</u>	<u>\$ 78,561,347</u>	<u>\$ 73,975,847</u>	<u>\$ 71,238,829</u>	<u>\$ 67,182,168</u>	<u>\$ 64,648,355</u>

<u>Tax Rates</u>									
General Corporate	0.10541	0.10592	0.10450	0.10110	0.08350	0.08030	0.07548	0.08086	0.0836
Fire Protection	0.05973	0.05682	0.05391	0.05262	0.05092	0.05012	0.05368	0.05751	0.0595
Civil Defense	0.00181	0.00180	0.00178	0.00186	0.00191	0.00203	0.00223	0.00239	0.0025
Police Pension	0.22596	0.14696	0.13845	0.13602	0.13875	0.13628	0.14990	0.14626	0.1331
Police Protection	0.05050	0.05007	0.04603	0.04438	0.04252	0.04326	0.04610	0.04939	0.0511
Audit	0.01943	0.01927	0.01790	0.01747	0.01655	0.01623	0.01678	0.01673	0.0173
Social Security	0.12391	0.10600	0.08952	0.08860	0.08783	0.09084	0.09517	0.10196	0.1054
Tort Liability	<u>0.12102</u>	<u>0.11277</u>	<u>0.10577</u>	<u>0.10559</u>	<u>0.10254</u>	<u>0.10342</u>	<u>0.09580</u>	<u>0.09145</u>	<u>0.0863</u>
Totals	<u>0.70777</u>	<u>0.59961</u>	<u>0.55786</u>	<u>0.54764</u>	<u>0.52452</u>	<u>0.52248</u>	<u>0.53514</u>	<u>0.54655</u>	<u>0.5388</u>

<u>Tax Extensions</u>									
General Corporate	\$ 86,779	\$ 87,940	\$ 87,563	\$ 81,023	\$ 65,599	\$ 59,795	\$ 50,761	\$ 50,759	\$ 50,767
Fire Protection	49,171	47,175	45,172	42,171	40,003	37,077	36,101	36,101	36,132
Civil Defense	1,490	1,494	1,491	1,490	1,501	1,502	1,500	1,500	1,518
Police Pension	186,016	122,013	116,010	109,009	109,004	100,814	100,810	91,813	80,827
Police Protection	41,573	41,570	38,569	35,567	33,404	32,002	31,003	31,004	31,031
Audit	15,995	15,999	14,999	14,001	13,002	12,006	11,285	10,502	10,506
Social Security	102,006	88,006	75,011	71,005	69,000	67,200	64,003	64,004	64,005
Tort Liability	<u>99,626</u>	<u>93,627</u>	<u>88,627</u>	<u>84,622</u>	<u>80,557</u>	<u>76,506</u>	<u>64,427</u>	<u>57,407</u>	<u>52,407</u>
Totals	<u>\$ 582,656</u>	<u>\$ 497,824</u>	<u>\$ 467,442</u>	<u>\$ 438,888</u>	<u>\$ 412,070</u>	<u>\$ 386,902</u>	<u>\$ 359,890</u>	<u>\$ 343,090</u>	<u>\$ 327,193</u>

<u>Tax Collections</u>									
General Corporate		\$ 87,176	\$ 87,272	\$ 80,349	\$ 65,323	\$ 59,679	\$ 50,780	\$ 50,795	\$ 50,736
Fire Protection		46,765	45,022	41,820	39,835	37,005	36,114	36,127	36,110
Civil Defense		1,482	1,487	1,478	1,494	1,499	1,500	1,501	1,517
Police Pension		121,371	115,626	108,101	108,545	100,620	100,848	91,878	80,777
Police Protection		41,209	38,442	35,271	33,264	31,940	31,015	31,026	31,012
Audit		15,860	14,949	13,884	12,947	11,983	11,289	10,510	10,499
Social Security		87,242	74,762	70,415	68,710	67,070	64,027	64,049	63,966
Tort Liability		<u>92,814</u>	<u>88,333</u>	<u>83,917</u>	<u>80,210</u>	<u>76,358</u>	<u>64,451</u>	<u>57,447</u>	<u>52,375</u>
Totals		<u>\$ 493,919</u>	<u>\$ 465,893</u>	<u>\$ 435,235</u>	<u>\$ 410,328</u>	<u>\$ 386,154</u>	<u>\$ 360,024</u>	<u>\$ 343,333</u>	<u>\$ 326,992</u>

Percentage of Extensions Collected		<u>99.22%</u>	<u>99.67%</u>	<u>99.17%</u>	<u>99.58%</u>	<u>99.81%</u>	<u>100.04%</u>	<u>100.07%</u>	<u>99.94%</u>
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CITY OF CHILLICOTHE, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
April 30, 2013

2012 Assessed Valuation		<u>\$ 88,631,357</u>
Statutory Debt Limitation (8.625%)		7,644,455
Current Debt:		
Debt Certificates, Series 2006	1,473,404	
Contractual Debt	<u>240,476</u>	<u>(1,713,880)</u>
Legal Debt Margin		<u>\$ 5,930,575</u>