

**VILLAGE OF CHATHAM, ILLINOIS**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**For the Year Ended April 30, 2010**



VILLAGE OF CHATHAM, ILLINOIS  
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3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Chatham, Illinois, as of and for the year ended April 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Chatham, Illinois, as of April 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Chatham's basic financial statements. The accompanying financial information listed as combining and individual fund schedules and supplemental financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in the combining and individual fund schedules and supplemental financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying financial information listed as "Additional Schedules" in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on that information.

*Silvich UP*

Springfield, Illinois  
September 24, 2010

## VILLAGE OF CHATHAM, ILLINOIS

### MANAGEMENT'S DISCUSSIONS AND ANALYSIS

As the management of the Village of Chatham (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2010.

#### Financial Highlights

- The assets of the Village of Chatham exceeded liabilities at April 30, 2010 by \$27,229,554. Of this amount \$504,999 is unrestricted.
- The Village's net assets increased by \$455,916 during the year compared to last fiscal year's net assets.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$364,608, or 10% of total general fund expenditures.

#### USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

The financial statement's focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

#### Government-Wide Financial Statements

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

The Statement of Net Assets presents information on all of the Village'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 Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

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

Both of the government-wide financial statements distinguish functions of the Village of Chatham that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, cemetery, culture and recreation, public safety, public works and transportation, and economic development. The business-type activities of the Village include electric, water and sewer systems.

The government-wide financial statements can be found on pages 14-17 of this report.

### **Fund Financial Statements**

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Village maintains 10 individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance for the General Fund and the TIF Fund, both of which are considered to be "major" funds. Data from the other 8 governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate budget compliance.



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

The governmental fund financial statements can be found on pages 18-21 of this report.

**Proprietary Funds.** The Village maintains only the enterprise type of proprietary fund. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The Village uses enterprise funds to account for its electric and water and sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution operation and the water and sewer operations, both of which are considered to be major funds of the Village of Chatham.

The proprietary fund financial statements can be found on pages 22-24 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village maintains one fiduciary fund the Police Pension Fund.

The fiduciary fund financial statements can be found on pages 25-26 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 27-63 of the report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in funding its obligation to provide benefits to its employees. In addition, budget versus actual information for the General Fund and TIF District Fund is presented. Required supplementary information can be found on pages 60-74 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 75-80 of this report.

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

**Financial Analysis of the Village as a Whole  
Table 1  
Statement of Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 2,746,251	\$ 3,783,926	\$ 5,642,895	\$ 2,392,546	\$ 8,389,146	\$ 6,176,472
Capital Assets	<u>12,155,126</u>	<u>10,772,061</u>	<u>20,031,523</u>	<u>21,879,695</u>	<u>32,186,649</u>	<u>32,651,756</u>
<b>Total Assets</b>	<u>14,901,377</u>	<u>14,555,987</u>	<u>25,674,418</u>	<u>24,272,241</u>	<u>40,575,795</u>	<u>38,828,228</u>
Current Liabilities	1,998,742	1,921,438	4,984,398	3,915,411	6,983,140	5,836,849
Non-current Liabilities	<u>1,727,237</u>	<u>1,619,001</u>	<u>4,635,864</u>	<u>4,598,740</u>	<u>6,363,101</u>	<u>6,217,741</u>
<b>Total Liabilities</b>	<u>3,725,979</u>	<u>3,540,439</u>	<u>9,620,262</u>	<u>8,514,151</u>	<u>13,346,241</u>	<u>12,054,590</u>
Net Assets:						
Invested in Capital Assets						
Net of Debt	11,160,971	9,847,078	14,823,811	14,804,050	25,984,782	24,651,128
Restricted	577,697	1,536,736	162,076	577,887	739,773	2,114,623
Unrestricted	<u>(563,270)</u>	<u>(368,266)</u>	<u>1,068,269</u>	<u>376,153</u>	<u>504,999</u>	<u>7,887</u>
<b>Total Net Assets</b>	<u>\$ 11,175,398</u>	<u>\$ 11,015,548</u>	<u>\$ 16,054,156</u>	<u>\$ 15,758,090</u>	<u>\$ 27,229,554</u>	<u>\$ 26,773,638</u>

The Village's combined net assets increased from \$26,773,638 to \$27,229,554 during 2010. Net assets in the governmental funds increased \$159,850 and net assets related to business-type activities increased \$296,066. Unrestricted net assets related to government activities and business activities were \$(563,270) and \$1,068,269 respectively. The deficit in unrestricted net assets does not mean that the Village does not have resources available to pay its bills; rather it is the result of having long-term commitments that are greater than currently available resources. Capital assets decreased by \$465,107 over FY 2009. An increase in capital assets in governmental activities of \$1,383,065 is due to the addition of streets and storm sewers within the Village. The \$1,848,172 decrease in capital assets for business activities reflects the reduction in construction in progress of expenses related to the water plant development. This asset is no longer considered an asset of the Village since the water plant development will be an asset of the South Sangamon Water Commission.

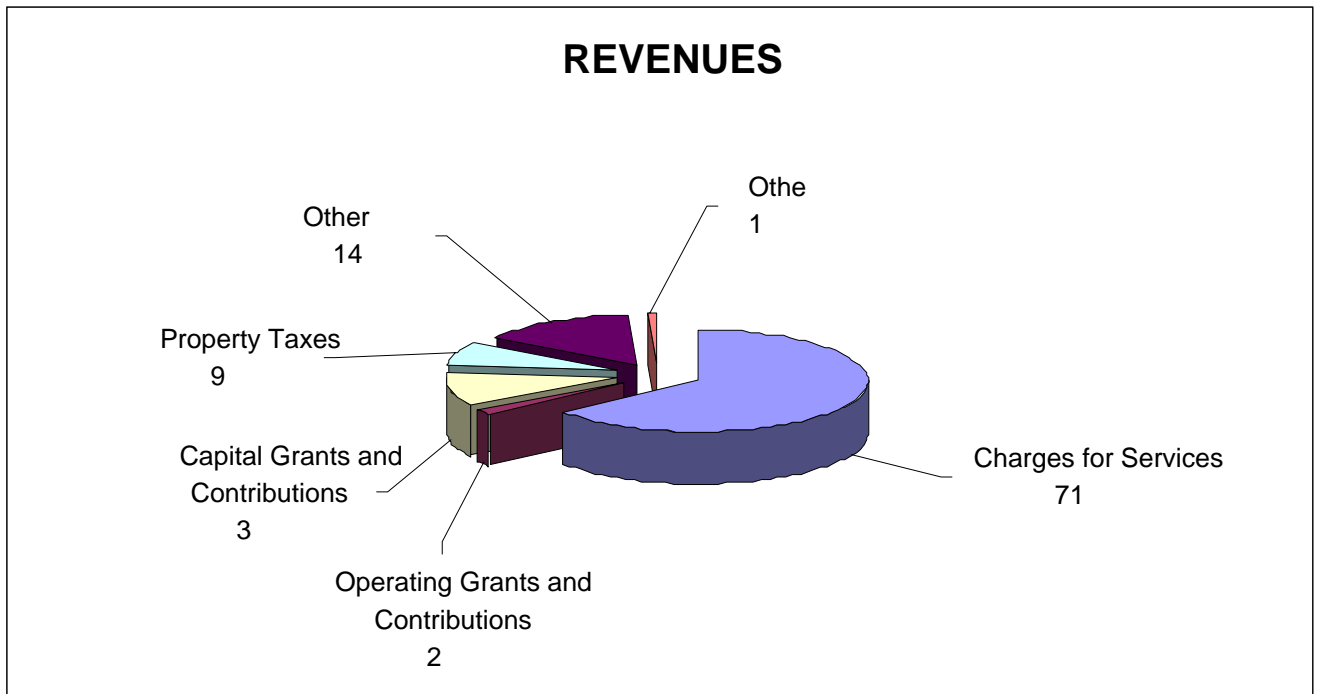
For more detailed information, see the Statement of Net Assets on pages 14-15.

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

**Table 2  
Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 648,041	\$ 584,039	\$ 10,005,548	\$ 9,118,701	\$ 10,653,589	\$ 9,702,740
Operating Grants and Contributions	269,655	279,558	7,026	560	276,681	280,118
Capital Grants and Contributions	217,990	1,386,029	306,606	129,626	524,596	1,515,655
General Revenues:						
Property Taxes	1,307,975	1,212,807	-	-	1,307,975	1,212,807
Other Taxes	2,048,703	2,189,403	-	-	2,048,703	2,189,403
Other	43,082	79,027	3,306	53,399	46,388	132,426
<b>Total Revenues</b>	<u>4,535,446</u>	<u>5,730,863</u>	<u>10,322,486</u>	<u>9,302,286</u>	<u>14,857,932</u>	<u>15,033,149</u>
<b>EXPENSES</b>						
General Government	602,243	463,805	-	-	602,243	463,805
Cemetery	51,199	43,301	-	-	51,199	43,301
Culture and Recreation	433,122	441,339	-	-	433,122	441,339
Public Safety	2,006,722	1,963,705	-	-	2,006,722	1,963,705
Public Works	1,208,077	1,117,965	-	-	1,208,077	1,117,965
Economic Development	34,483	31,345	-	-	34,483	31,345
Electric	-	-	6,978,418	6,638,170	6,978,418	6,638,170
Water and Sewer	-	-	3,048,002	2,744,465	3,048,002	2,744,465
Interest on Long-Term Debt	39,750	44,778	-	-	39,750	44,778
<b>Total Expenses</b>	<u>4,375,596</u>	<u>4,106,238</u>	<u>10,026,420</u>	<u>9,382,635</u>	<u>14,402,016</u>	<u>13,488,873</u>
<b>Change in Net Assets Before Transfers</b>	159,850	1,624,625	296,066	(80,349)	455,916	1,544,276
Transfers	-	(1,246)	-	1,246	-	-
<b>Change in Net Assets</b>	159,850	1,623,379	296,066	(79,103)	455,916	1,544,276
<b>Net Assets, Beginning of the Year</b>	11,015,548	9,316,752	15,758,090	15,837,193	26,773,638	25,153,945
<b>Prior Period Adjustment</b>	-	75,417	-	-	-	75,417
<b>Net Assets, End of the Year</b>	<u>\$ 11,175,398</u>	<u>\$ 11,015,548</u>	<u>\$ 16,054,156</u>	<u>\$ 15,758,090</u>	<u>\$ 27,229,554</u>	<u>\$ 26,773,638</u>

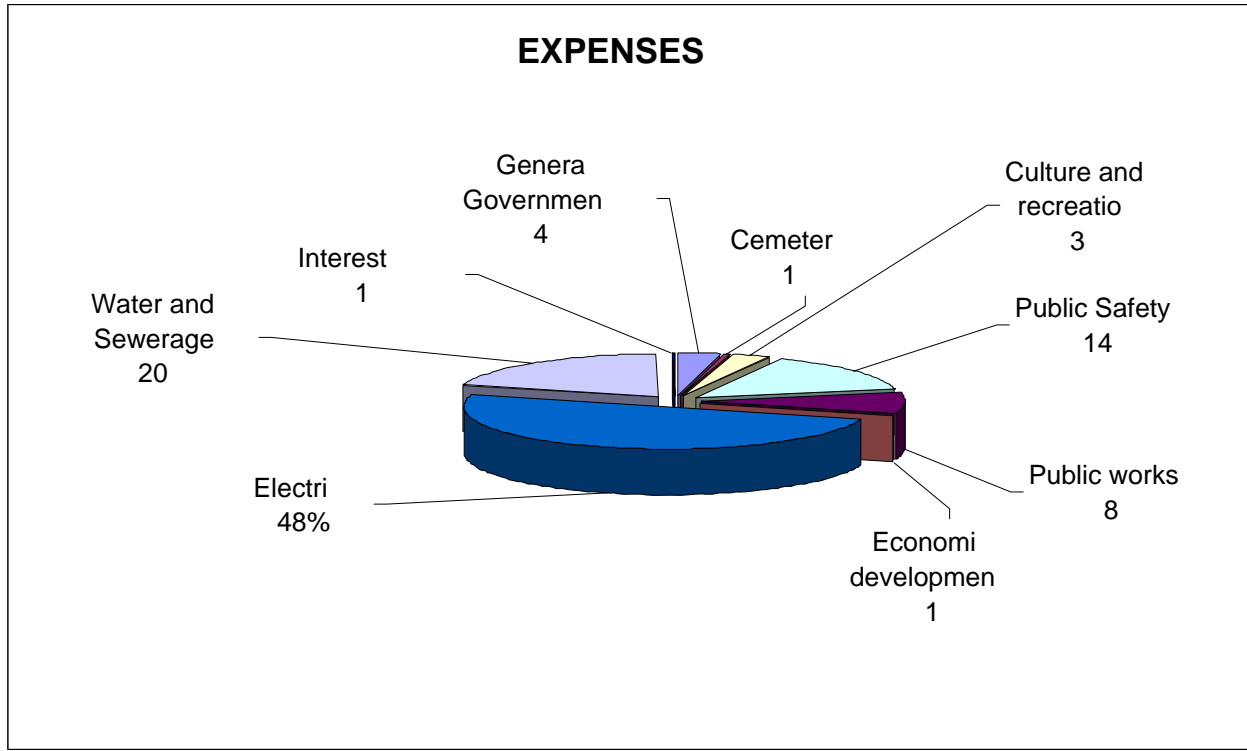
**VILLAGE OF CHATHAM, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)**



For the fiscal year ended April 30, 2010, revenues totaled \$14.8 million. The Village's largest revenue source is from charges for services, which consist of charges from the electric, water and sewer system as well as franchise fees, business permit fees and administrative utility fees. Capital grants and contributions include contributions of streets, storm sewers, water main and sanitary sewers from new developments within the Village of Chatham. Other taxes include sales tax, income tax, telecommunications tax, local use tax and road and bridge taxes.

Charges for services are up 9.5% from \$9.7 million in FY 2009 to \$10.6 million in FY 2010. Service charges for the electric system and water and sewer system are up \$886,847 over FY 2009, which represents a 9.7% increase over the previous year. This is reflective of the steady growth of new residents as well as the increase in rates for electric, water, and sewer service that were passed during fiscal year 2010.

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



The Village of Chatham’s expenses totaled \$14.4 million in 2010. The largest portion of these expenses is for the electric system which represents 48% followed by expenses for the water and sewer systems at 20%. These expenses reflect the cost of providing electric, water and sewer services to the Village of Chatham’s residents. These expenses increased \$643,785 over last year, which represents a 7% increase. The growth in utility customers as well as an increase in rates from the Village’s water and sewer service providers and an increase in distribution costs have contributed to an increase in the cost of operations of the electric, water and sewer utilities.

Public safety expenses relate to the operation of the Village’s Police Department and are the largest expense component of the governmental activity expenses. Public works expense are costs associated with maintaining the Village’s streets. Culture and recreation expenses include expenses to maintain the Village’s parks as well as the summer recreation program.

**FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS**

The Village of Chatham had a change in governmental net assets of \$159,850 for the fiscal year ended April 30, 2010. Of the net change \$217,990 is due to capital grants and contributions. Capital grants and contributions consist of assets received from community organizations, infrastructure received from developers and infrastructure funded by grants from other governmental agencies. The Village’s business-type activities had an increase in net assets of \$296,066.

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

**Table 3  
General Fund Budgetary Highlights for the  
Fiscal Year Ended April 30, 2010  
With Comparative Actual Totals for the Year Ended April 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual 2010</u>	<u>Actual 2009</u>
<b>REVENUES</b>				
Taxes	\$ 2,956,355	\$ 2,956,355	\$ 2,828,941	\$ 2,897,594
Licenses and Permits	601,880	601,880	557,298	510,360
Other	<u>68,000</u>	<u>68,000</u>	<u>35,804</u>	<u>47,362</u>
<b>Total Revenues</b>	<u>3,626,235</u>	<u>3,626,235</u>	<u>3,422,043</u>	<u>3,455,316</u>
<b>EXPENDITURES AND TRANSFERS</b>				
Expenditures	(3,530,235)	(3,658,235)	(3,568,224)	(3,329,650)
Transfers In	-	-	-	83,566
Transfers Out	<u>(96,000)</u>	<u>(96,000)</u>	<u>(48,000)</u>	<u>(97,246)</u>
<b>Total Expenditures and Transfers</b>	<u>(3,626,235)</u>	<u>(3,754,235)</u>	<u>(3,616,224)</u>	<u>(3,343,330)</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (128,000)</u>	<u>\$ (194,181)</u>	<u>\$ 111,986</u>

Total budgeted revenues were not changed. Total budgeted expenditures increased by \$128,000. Budgets for the administration and cemetery departments were increased. The parks and recreation budget was decreased and the police and public works/transportation budgets did not change in total.

The General Fund Revenues actually fell short of the amounts estimated by \$204,192. Taxes received were less than amounts estimated. Actual General Fund expenditures were lower than the amounts budgeted.

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

**Capital Assets**

The following schedule reflects the Village's capital asset balances as of April 30, 2010.

**Capital Assets  
Table 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land, not Depreciated	\$ 372,000	\$ 372,000	\$ 318,734	\$ 318,734	\$ 690,734	\$ 690,734
Construction in Progress	455,720	98,340	-	7,397,156	455,720	7,495,496
Improvements	282,604	282,604	62,550	62,550	345,154	345,154
Buildings	617,269	617,269	796,519	796,519	1,413,788	1,413,788
Vehicles	629,450	625,474	1,098,734	1,044,931	1,728,184	1,670,405
Equipment	690,508	625,560	829,377	452,621	1,519,885	1,078,181
Infrastructure	11,871,225	10,519,787	-	-	11,871,225	10,519,787
Utility Plant	-	-	29,197,798	23,268,555	29,197,798	23,268,555
Less:						
Accumulated Depreciation	<u>(2,763,650)</u>	<u>(2,368,973)</u>	<u>(12,272,189)</u>	<u>(11,461,371)</u>	<u>(15,035,839)</u>	<u>(13,830,344)</u>
<b>Total</b>	<u>\$ 12,155,126</u>	<u>\$ 10,772,061</u>	<u>\$ 20,031,523</u>	<u>\$ 21,879,695</u>	<u>\$ 32,186,649</u>	<u>\$ 32,651,756</u>

At year-end the Village's investment in capital assets for governmental activities was \$12,155,126, an increase of \$1,383,065 over April 30, 2009. At year-end the Village's investment in capital assets for business-type activities was \$20,031,523, a decrease of \$1,848,172 over April 30, 2009.

Major capital asset events during FY 2010 included the following:

Governmental Activities	
Infrastructure additions	\$ 1,351,438
Business-type Activities	
Removal of Construction in Progress related to water plant development	\$ 2,143,352

Additional information on the Village's capital assets can be found in Note 4 on pages 38-41.

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

**Long-Term Debt**

As of April 30, 2010, the Village had a total of \$9,958,090 of bonded indebtedness outstanding. Of this amount, \$220,000 comprises debt backed by the full faith and credit of the government. \$5,445,000 of the debt represents bonds and debt certificates that are secured by specified revenue sources (i.e., revenue and alternative source revenue bonds). \$2,715,000 of the outstanding debt certificates and \$1,041,223 of the notes payable are obligations resulting from costs of the water plant development. These obligations will be paid for by funds from the South Sangamon Water Commission as part of the Village's assignment of the assets relating to the development of the water treatment and distribution system.

During fiscal year 2010, the Village financed one squad car and a truck and valve machine through capital leases.

The table below summarizes the Village's bonded and similar indebtedness.

**Table 5  
Bonded and Similar Indebtedness**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General Obligation Bonds	\$ 220,000	\$ 246,000	\$ -	\$ -	\$ 220,000	\$ 246,000
TIF Alternate Source						
Revenue Bonds	690,000	565,000	-	-	690,000	565,000
Electric Alternate Source						
Revenue Bonds	-	-	4,555,000	4,675,000	4,555,000	4,675,000
Debt Certificates	-	-	2,967,418	2,646,016	2,967,418	2,646,016
Notes Payable	-	-	1,391,223	-	1,391,223	-
Capital Leases	84,155	113,983	50,294	-	134,449	113,983
<b>Total</b>	<u>\$ 994,155</u>	<u>\$ 924,983</u>	<u>\$ 8,963,935</u>	<u>\$ 7,321,016</u>	<u>\$ 9,958,090</u>	<u>\$ 8,245,999</u>

Additional information on the Village's long-term debt can be found in Note 6 on pages 46-52.

**Economic Factors**

The Village of Chatham's General Fund has been affected by the decline in the economy. General fund revenues are down 2% from fiscal year 2009 due to a reduction in state shared revenues and a reduction in sales tax. The Electric Fund has shown some improvement over the prior year. In fiscal year 2009 the Electric Fund had a loss of \$51,114. This has improved for fiscal year 2010; the Electric Fund had an income of \$205,940. The Village increased electric rates as the result of a cost of service study completed in the fall of 2009. The Village's Water and Sewer Fund had a loss from operations of \$191,415 which was offset by contribution revenue of \$306,606. The Village is in the process of having a multi-year rate study performed to determine water and sewer rates for the next five years.



## **CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sherry Dierking, Treasurer and Chief Fiscal Officer, Village of Chatham, 116 E. Mulberry St., Chatham, Illinois 62629.

VILLAGE OF CHATHAM, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 292,822	\$ 81,191	\$ 374,013
Restricted accounts - cash	292,310	162,076	454,386
Investments	239,130	-	239,130
Receivables, net			
Accounts	-	923,363	923,363
Taxes	1,825,550	-	1,825,550
Other	139,233	-	139,233
Inventory	-	591,426	591,426
Due from (to) other funds	(73,001)	73,001	-
Due from other governments	30,207	3,811,838	3,842,045
	<hr/>		
Total current assets	2,746,251	5,642,895	8,389,146
	<hr/>		
Capital Assets:			
Capital assets, not being depreciated	827,720	318,734	1,146,454
Property and equipment	14,091,056	31,984,978	46,076,034
Less: accumulated depreciation	(2,763,650)	(12,272,189)	(15,035,839)
	<hr/>		
Total capital assets	12,155,126	20,031,523	32,186,649
	<hr/>		
Total assets	14,901,377	25,674,418	40,575,795
	<hr/>		

(Continued)

VILLAGE OF CHATHAM, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2010

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities:			
Accounts payable	\$ 73,246	\$ 272,023	\$ 345,269
Unearned revenue	-	11,691	11,691
Accrued payroll	64,180	45,532	109,712
Payroll taxes and related liabilities	35,376	-	35,376
Accrued compensated absences payable	271,526	143,604	415,130
Customer deposits	-	35,520	35,520
Accrued interest payable	6,183	102,175	108,358
Other payables	-	25,076	25,076
Deferred revenue	1,351,153	-	1,351,153
Due to agency fund	447	-	447
G.O. bonds payable - current	27,000	-	27,000
G.O. bonds (Alternate Revenue Source) payable - current	-	180,000	180,000
T.I.F. G.O. bonds payable - current	110,000	-	110,000
Line of credit - current	-	1,391,223	1,391,223
Debt certificates payable - current	-	2,767,418	2,767,418
Capital lease payable - current	59,631	10,136	69,767
	<hr/>	<hr/>	<hr/>
Total current liabilities	1,998,742	4,984,398	6,983,140
Noncurrent Liabilities:			
Net OPEB obligation	50,072	20,706	70,778
G.O. bonds payable	193,000	-	193,000
G.O. bonds (Alternate Revenue Source) payable	-	4,375,000	4,375,000
T.I.F. G.O. bonds payable	580,000	-	580,000
Debt certificates payable	-	200,000	200,000
Capital lease payable	24,524	40,158	64,682
Net pension obligation	879,641	-	879,641
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	1,727,237	4,635,864	6,363,101
	<hr/>	<hr/>	<hr/>
Total liabilities	3,725,979	9,620,262	13,346,241
Net Assets:			
Invested in capital assets, net of related debt	11,160,971	14,823,811	25,984,782
Restricted for maintenance of roadways	67,189	-	67,189
Restricted for cemetery care	227,840	-	227,840
Restricted for parks and recreation	5,272	-	5,272
Restricted for public safety	15,737	-	15,737
Restricted for debt service	90,516	162,076	252,592
Restricted for economic development	171,143	-	171,143
Unrestricted	(563,270)	1,068,269	504,999
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 11,175,398	\$ 16,054,156	\$ 27,229,554

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

VILLAGE OF CHATHAM, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2010

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 602,243	\$ 468,832	\$ -	\$ -
Cemetery	51,199	26,674	-	-
Culture and recreation	433,122	19,471	-	-
Public safety	2,006,722	42,972	-	-
Public works/transportation	1,208,077	90,092	269,655	217,990
Economic development	34,483	-	-	-
Interest on long-term debt	39,750	-	-	-
Total governmental activities	4,375,596	648,041	269,655	217,990
Business-type activities:				
Electric	6,978,418	7,148,975	7,026	-
Waterworks and Sewerage	3,048,002	2,856,573	-	306,606
Total business-type activities	10,026,420	10,005,548	7,026	306,606
Total primary government	\$ 14,402,016	\$ 10,653,589	\$ 276,681	\$ 524,596

**General revenues:**

Taxes:

- Property taxes, levied for general purposes
- Replacement taxes
- Road and bridge taxes
- Sales taxes
- Income taxes
- Local use taxes
- Telecommunications taxes
- Investment income
- Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (133,411)	\$ -	\$ (133,411)
(24,525)	-	(24,525)
(413,651)	-	(413,651)
(1,963,750)	-	(1,963,750)
(630,340)	-	(630,340)
(34,483)	-	(34,483)
(39,750)	-	(39,750)
<u>(3,239,910)</u>	<u>-</u>	<u>(3,239,910)</u>
-	177,583	177,583
-	115,177	115,177
-	292,760	292,760
<u>(3,239,910)</u>	<u>292,760</u>	<u>(2,947,150)</u>
1,307,975	-	1,307,975
2,472	-	2,472
56,409	-	56,409
726,178	-	726,178
817,509	-	817,509
123,036	-	123,036
323,099	-	323,099
7,277	3,306	10,583
35,805	-	35,805
<u>3,399,760</u>	<u>3,306</u>	<u>3,403,066</u>
159,850	296,066	455,916
<u>11,015,548</u>	<u>15,758,090</u>	<u>26,773,638</u>
<u>\$ 11,175,398</u>	<u>\$ 16,054,156</u>	<u>\$ 27,229,554</u>

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

VILLAGE OF CHATHAM, ILLINOIS  
Governmental Funds

BALANCE SHEET

April 30, 2010

	General	TIF District	Aggregate Nonmajor	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 28,618	\$ -	\$ 264,204	\$ 292,822
Restricted accounts - cash	42,038	186,057	64,215	292,310
Investments	-	-	239,130	239,130
Taxes receivable	1,329,383	473,840	22,327	1,825,550
Other receivables	130,325	-	8,908	139,233
Due from other funds	-	-	26,956	26,956
Due from other governments	-	-	30,207	30,207
<b>TOTAL ASSETS</b>	<b>\$ 1,530,364</b>	<b>\$ 659,897</b>	<b>\$ 655,947</b>	<b>\$ 2,846,208</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 41,663	\$ 14,914	\$ 16,669	\$ 73,246
Accrued payroll	64,180	-	-	64,180
Payroll tax and related liabilities	35,376	-	-	35,376
Due to other funds	99,914	-	490	100,404
Deferred revenue	877,313	473,840	-	1,351,153
Total liabilities	1,118,446	488,754	17,159	1,624,359
<b>FUND BALANCES</b>				
Reserved for maintenance of roadways	-	-	67,189	67,189
Reserved for cemetery care	-	-	227,840	227,840
Reserved for parks and recreation	5,272	-	-	5,272
Reserved for public safety	15,737	-	-	15,737
Reserved for debt service	26,301	-	64,215	90,516
Reserved for economic development	-	171,143	-	171,143
Unreserved:				
General	364,608	-	-	364,608
Special Revenue	-	-	143,599	143,599
Capital Projects	-	-	80,159	80,159
Permanent	-	-	55,786	55,786
Total fund balances	411,918	171,143	638,788	1,221,849
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,530,364</b>	<b>\$ 659,897</b>	<b>\$ 655,947</b>	<b>\$ 2,846,208</b>

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

VILLAGE OF CHATHAM, ILLINOIS

Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities

April 30, 2010

Total governmental fund balances	<u>\$ 1,221,849</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>12,155,126</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences payable	(271,526)
Accrued interest payable	(6,183)
G.O. bonds payable, current	(27,000)
T.I.F. G.O. bond payable, current	(110,000)
Capital lease payable, current	(59,631)
G.O. bonds payable, noncurrent	(193,000)
T.I.F. G.O. bond payable, noncurrent	(580,000)
Net pension obligation	(879,641)
Net OPEB obligation	(50,072)
Capital lease payable, noncurrent	(24,524)
	<u>(2,201,577)</u>
Net assets of governmental activities	<u><u>\$ 11,175,398</u></u>

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

VILLAGE OF CHATHAM, ILLINOIS  
Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

For the Year Ended April 30, 2010

	General	TIF District	Aggregate Nonmajor	Total
<b>REVENUES</b>				
Property taxes	\$ 844,858	\$ 463,117	\$ -	\$ 1,307,975
Replacement taxes	2,472	-	-	2,472
Road and bridge taxes	56,409	-	-	56,409
Sales taxes	726,178	-	-	726,178
Income taxes	817,509	-	-	817,509
Local use tax	123,036	-	-	123,036
Motor fuel taxes	-	-	269,655	269,655
Telecommunications tax	258,479	-	64,620	323,099
Licenses, permits, fees, fines, and service charges	556,411	-	91,630	648,041
Investment income	886	4,926	1,465	7,277
Other	35,805	-	-	35,805
State grants	-	-	55,388	55,388
	<u>3,422,043</u>	<u>468,043</u>	<u>482,758</u>	<u>4,372,844</u>
<b>EXPENDITURES</b>				
Current operations:				
General government	590,990	22,220	-	613,210
Cemetery	41,476	-	9,500	50,976
Culture and recreation	379,075	-	11,852	390,927
Public safety	1,944,422	-	58,872	2,003,294
Public works/transportation	574,332	-	341,384	915,716
Economic development	-	1,523,231	-	1,523,231
Capital outlay	-	-	83,753	83,753
Debt service:				
Principal	26,000	-	565,000	591,000
Interest	11,929	-	32,934	44,863
	<u>3,568,224</u>	<u>1,545,451</u>	<u>1,103,295</u>	<u>6,216,970</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>				
	<u>(146,181)</u>	<u>(1,077,408)</u>	<u>(620,537)</u>	<u>(1,844,126)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	519,883	519,883
Transfer out	(48,000)	(471,883)	-	(519,883)
Bond proceeds	-	690,000	-	690,000
Capital leases issued	-	-	25,000	25,000
	<u>(48,000)</u>	<u>218,117</u>	<u>544,883</u>	<u>715,000</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	(194,181)	(859,291)	(75,654)	(1,129,126)
<b>FUND BALANCE - MAY 1, 2009</b>				
	<u>606,099</u>	<u>1,030,434</u>	<u>714,442</u>	<u>2,350,975</u>
<b>FUND BALANCE - APRIL 30, 2010</b>				
	<u>\$ 411,918</u>	<u>\$ 171,143</u>	<u>\$ 638,788</u>	<u>\$ 1,221,849</u>

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



VILLAGE OF CHATHAM, ILLINOIS

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

For the Year Ended April 30, 2010

Net change in fund balances - governmental funds \$ (1,129,126)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current year:

Capital outlays	1,646,064
Depreciation	(425,601)

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

Donations of capital assets	162,602
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The increase in OPEB obligation resulting from annual required contributions in excess of the contributions do not require the use of current financial resources and, therefore, is not reported as expenditures in the funds. (50,072)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued compensated absences	40,922
Net pension obligation	(20,880)

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Repayment of G.O. bonds payable	26,000
Repayment of T.I.F. G.O. bond payable	565,000
Repayment of capital lease payable	54,828
Bond proceeds	(690,000)
Lease proceeds	(25,000)
Accrued interest payable	5,113
	<hr/>

Change in net assets of governmental activities	<u>\$ 159,850</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF CHATHAM, ILLINOIS  
Proprietary Funds

STATEMENT OF NET ASSETS

April 30, 2010

	Electric	Waterworks and Sewerage	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 71,274	\$ 9,917	\$ 81,191
Restricted accounts - cash	159,100	2,976	162,076
Accounts receivable	688,358	235,005	923,363
Due from other funds	143,938	-	143,938
Due from other government	7,527	3,804,311	3,811,838
Inventory	578,143	13,283	591,426
Total current assets	<u>1,648,340</u>	<u>4,065,492</u>	<u>5,713,832</u>
Capital Assets:			
Capital assets, not being depreciated	279,734	39,000	318,734
Property and equipment	16,769,547	15,215,431	31,984,978
Less: accumulated depreciation	<u>(5,020,416)</u>	<u>(7,251,773)</u>	<u>(12,272,189)</u>
Capital assets, net	<u>12,028,865</u>	<u>8,002,658</u>	<u>20,031,523</u>
Total assets	<u>13,677,205</u>	<u>12,068,150</u>	<u>25,745,355</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	30,973	241,050	272,023
Unearned revenue	11,660	31	11,691
Accrued payroll	26,884	18,648	45,532
Accrued compensated absences payable	72,539	71,065	143,604
Due to other funds	14,477	56,460	70,937
Customer deposits	29,770	5,750	35,520
Accrued interest payable	94,859	7,316	102,175
Other payables	21,328	3,748	25,076
Current maturities of long term debt:			
Line of credit	350,000	1,041,223	1,391,223
G.O. bonds (Alternate Revenue Source) payable	180,000	-	180,000
Debt certificates	52,418	2,715,000	2,767,418
Capital lease payable	<u>-</u>	<u>10,136</u>	<u>10,136</u>
Total current liabilities	<u>884,908</u>	<u>4,170,427</u>	<u>5,055,335</u>
Long-Term Liabilities:			
Net OPEB obligation	12,845	7,861	20,706
G.O. bonds (Alternate Revenue Source) payable	4,375,000	-	4,375,000
Debt certificates	200,000	-	200,000
Capital lease payable	<u>-</u>	<u>40,158</u>	<u>40,158</u>
Total long-term liabilities	<u>4,587,845</u>	<u>48,019</u>	<u>4,635,864</u>
Total liabilities	<u>5,472,753</u>	<u>4,218,446</u>	<u>9,691,199</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,871,447	7,952,364	14,823,811
Restricted for debt service	159,100	2,976	162,076
Unrestricted	<u>1,173,905</u>	<u>(105,636)</u>	<u>1,068,269</u>
Total net assets	<u>\$ 8,204,452</u>	<u>\$ 7,849,704</u>	<u>\$ 16,054,156</u>

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

VILLAGE OF CHATHAM, ILLINOIS  
Proprietary Funds

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS

For the Year Ended April 30, 2010

	Electric	Waterworks and Sewerage	Total
<b>REVENUES</b>			
User charges	\$ 7,069,983	\$ 2,651,096	\$ 9,721,079
Other income	78,992	205,477	284,469
	7,148,975	2,856,573	10,005,548
<b>EXPENSES</b>			
Electricity purchases	4,745,341	-	4,745,341
Water purchases/sewer expenses	-	1,551,038	1,551,038
Bad debt expense	34,427	16,910	51,337
Distribution and customer service	1,811,703	1,021,031	2,832,734
Depreciation	351,795	459,023	810,818
	6,943,266	3,048,002	9,991,268
<b>OPERATING (LOSS)</b>	205,709	(191,429)	14,280
<b>NONOPERATING INCOME (EXPENSE)</b>			
Investment income	2,383	923	3,306
FEMA grant	7,026	-	7,026
Interest expense	(35,152)	-	(35,152)
	(25,743)	923	(24,820)
<b>CHANGE IN NET ASSETS BEFORE CONTRIBUTION REVENUE AND OTHER FINANCING SOURCES</b>	179,966	(190,506)	(10,540)
<b>CONTRIBUTION REVENUE</b>	-	306,606	306,606
<b>CHANGE IN NET ASSETS</b>	179,966	116,100	296,066
<b>NET ASSETS - MAY 1, 2009</b>	8,024,486	7,733,604	15,758,090
<b>NET ASSETS - APRIL 30, 2010</b>	\$ 8,204,452	\$ 7,849,704	\$ 16,054,156

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

VILLAGE OF CHATHAM, ILLINOIS  
Proprietary Funds

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2010

	Waterworks and Sewerage		
	Electric	Sewerage	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 6,970,868	\$ 2,836,836	\$ 9,807,704
Payments to suppliers	(6,131,748)	(1,881,049)	(8,012,797)
Payments to employees	(977,299)	(681,399)	(1,658,698)
Net cash from operating activities	<u>(138,179)</u>	<u>274,388</u>	<u>136,209</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Federal Emergency Management Agency	7,026	-	7,026
Payments on behalf of other governments	-	(1,660,959)	(1,660,959)
Net cash from non-capital financing activities	<u>7,026</u>	<u>(1,660,959)</u>	<u>(1,653,933)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from capital debt	630,000	3,809,086	4,439,086
Purchases of capital assets	(759,690)	(39,702)	(799,392)
Principal paid on capital debt	(293,598)	(2,502,569)	(2,796,167)
Interest paid on capital debt	(34,397)	(132,007)	(166,404)
Net cash from capital and related financing activities	<u>(457,685)</u>	<u>1,134,808</u>	<u>677,123</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investments	61,560	-	61,560
Interest and dividends received	2,385	923	3,308
Net cash from investing activities	<u>63,945</u>	<u>923</u>	<u>64,868</u>
Net decrease in cash	(524,893)	(250,840)	(775,733)
Cash and cash equivalents, beginning	<u>755,266</u>	<u>263,733</u>	<u>1,018,999</u>
Cash and cash equivalents, ending	<u>\$ 230,373</u>	<u>\$ 12,893</u>	<u>\$ 243,266</u>
Cash and cash equivalents consists of the following:			
Cash and cash equivalents	\$ 71,274	\$ 9,917	\$ 81,191
Restricted accounts - cash	159,100	2,976	162,076
	<u>\$ 230,374</u>	<u>\$ 12,893</u>	<u>\$ 243,267</u>
<b>Reconciliation of operating (loss) to net cash</b>			
from operating activities:			
Operating (loss)	\$ 205,709	\$ (191,429)	\$ 14,280
Adjustments to reconcile income (loss) to net cash			
from operating activities:			
Depreciation	351,795	459,024	810,819
(Increase) decrease in assets:			
Accounts receivable	(178,107)	(19,737)	(197,844)
Due from other funds	(127,042)	-	(127,042)
Inventories	51,501	31,613	83,114
(Decrease) increase in liabilities:			
Accounts payable	(420,598)	19,827	(400,771)
Unearned revenue	3,003	(248)	2,755
Accrued payroll	3,766	2,345	6,111
Compensated absences	23	5,423	5,446
Net OPEB obligation	12,845	7,861	20,706
Due to other funds	153	(41,714)	(41,561)
Deposits payable	2,500	750	3,250
Other payables	1,273	673	1,946
Lot rebates	(45,000)	-	(45,000)
Net cash from operating activities	<u>\$ (138,179)</u>	<u>\$ 274,388</u>	<u>\$ 136,209</u>
<b>Non-cash capital and related financing activities:</b>			
Donated water and sewer infrastructure	-	\$ 306,606	\$ 306,606
Total non-cash capital and related financing activities	<u>-</u>	<u>\$ 306,606</u>	<u>\$ 306,606</u>

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

VILLAGE OF CHATHAM, ILLINOIS  
POLICE PENSION TRUST FUND  
STATEMENT OF PLAN NET ASSETS

April 30, 2010

ASSETS

Cash	\$ 274,598
Investments	
Insurance company mutual funds	147,392
Non-negotiable certificates of deposit	3,331,444
Accrued interest receivable	28,972
Due from other funds	<u>447</u>
Total Assets	<u>3,782,853</u>

LIABILITIES

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

NET ASSETS HELD IN TRUST FOR

PENSION BENEFITS (A schedule of funding progress is presented on page 65)	<u><u>\$ 3,782,853</u></u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF CHATHAM, ILLINOIS  
POLICE PENSION TRUST FUND

STATEMENT OF CHANGES IN PLAN NET ASSETS

For the Year Ended April 30, 2010

ADDITIONS	
Contributions	
Employer (property taxes)	\$ 244,569
Employee	123,899
	<hr/>
Total contributions	368,468
	<hr/>
Investment income	
Net appreciation in fair value of investments	43,409
Interest	129,768
	<hr/>
Total investment income	173,177
	<hr/>
Total additions	541,645
	<hr/>
DEDUCTIONS	
Benefits	81,764
Administration	2,196
	<hr/>
Total deductions	83,960
	<hr/>
NET INCREASE	457,685
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
May 1, 2009	3,325,168
	<hr/>
April 30, 2010	\$ 3,782,853
	<hr/> <hr/>

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

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

April 30, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Chatham have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

- (a) Reporting Entity - The Village is a body corporate and politic established under Illinois Compiled Statutes (ILCS). The Village is considered to be a primary government as defined by GASB Statement No. 39, since it is legally separate and fiscally independent.

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is based upon the significance of its operational or financial relationship with the primary government.

The Village has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Village's financial statements.

- (b) Fund Accounting - The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.
- (c) Government-wide and Fund Financial Statements - The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues and are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(c) Government-wide and Fund Financial Statements – Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants that purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

- (d) Measurement Focus, Basis of Accounting and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In determining when to recognize intergovernmental revenue (grants and shared revenue), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two bases for this revenue recognition. In one, monies are virtually unrestricted as to the purpose of expenditure and are nearly irrevocable; therefore, these amounts are recognized as revenue at the time of their receipt or earlier if they meet the criteria of availability. In the other, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenue is recognized based upon the expenditures recorded.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales and telecommunication taxes collected within 90 days. Also, income taxes have a 120 day availability period in the current year due to delays in distributions from the State of Illinois. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.



VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

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

However, debt service expenditures, as well as expenditures relating to compensated absences, are recorded only when payment is due.

Property taxes, sales taxes, telecommunications taxes, licenses and permits, charges for services, fines and forfeits, miscellaneous revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Personal property replacement taxes are considered to be measurable when they have been collected and allocated by the state and are recognized as revenue at that time. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

*The General Fund* is used to account for all activities of the general government not accounted for in some other fund.

*The TIF District Fund* is used to account for the activities relating to the Tax Increment Financing District.

The Village reports the following proprietary funds, which are major funds:

*The Electric Fund* is used to account for the revenues and expenses related to operating and maintaining the Village's Electric operations.

*The Waterworks and Sewerage Fund* is used to account for the revenues and expenses related to operating and maintaining the Village's Water and Sewer operations.

Additionally, the Village reports the following fund types:

Special Revenue Funds are used to account for specific revenues from which the expenditures are restricted by ordinance to specific, designated purposes.

The Debt Service Fund is used to account for the servicing of general long-term debt not being financed by proprietary funds. The Tax Increment Financing Debt Service Fund is the only fund in this governmental fund type.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

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

The Capital Projects Fund accounts for the resources used for the acquisition or construction of capital facilities other than those financed by the enterprise fund activities.

The Permanent Fund is used to account for assets received and held for the perpetual care of the Village Cemetery.

The Fiduciary Fund of the Village is used to account for assets held by the Village in a trustee capacity. The Police Pension Trust Fund is used to account for assets received and held for the payment of benefits to participants.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges between the Village's General Fund and the Electric and Waterworks and Sewerage Funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

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

charges to customers for electric, water and sewer sales and service. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

(e) Capital Assets - Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The Village records all capital items, which are individually greater than \$5,000, with a useful life of greater than one year, as capital assets. Except for certain infrastructure acquired or constructed, which were partially financed with Tax Increment Financing and General Obligation Bonds, infrastructure assets acquired prior to May 1, 2004, are not reported in the basic financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Improvements	10 to 40 years
Buildings and grounds	20 to 40 years
Vehicles	5 years
Equipment	5 years
Infrastructure	40 years
Utility plant	10 to 40 years

(f) Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Village considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

- (g) Fund Balance/Net Assets – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the restricted net assets result from enabling legislation adopted by the Village. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.
- (h) Concentration of Suppliers – The Village of Chatham has an agreement with the Illinois Municipal Electric Agency to purchase electric power through transmission lines owned by the City of Springfield. The agreement to purchase electric power expires September 30, 2035.

The Village of Chatham has an agreement with the City of Springfield, whereby the City of Springfield will supply water to the Village of Chatham until April 1, 2010, unless terminated by either party after April 1, 1991. The agreement was extended until the South Sangamon Water Commission commences operation. The Village pays for actual water usage and is not required to purchase a minimum amount of water.

- (i) Investments – Investments are stated at fair value based on quoted market prices at April 30, 2010. Non-negotiable certificates of deposit are reported at cost.
- (j) Inventories – Inventories are stated at the lower of cost (using the first-in/first-out method) or market using the purchase method.
- (k) Compensated Absences – Vested or accumulated vacation leave and vested sick leave are accrued when incurred by the Village in the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrued to employees. A liability in the governmental funds is reported only if the benefit has matured.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

- (l) Long-Term Obligations – In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- (m) Interfund Transactions – Interfund services transactions are accounted for as revenues, expenditures or expenses. All other interfund transactions are reported as transfers.
- (n) Capitalized Interest – Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. Interest of \$261,622 has been capitalized in the Electric Fund as of April 30, 2010.

2. PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the Village.

- The property tax lien date is January 1, 2008.
- The annual tax levy ordinance for 2008 taxes received during fiscal year 2010 was passed December 2008.
- The first installment of property taxes is due to the County Collector on July 1 and the second installment is due to the County Collector on September 1.
- Significant amounts of property taxes for 2008 were distributed to the Village in July and September of 2009.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

2. PROPERTY TAX CALENDAR – Continued

The 2009 taxes are intended to finance the 2011 fiscal year and are not considered available for current operations and are, therefore, shown as deferred revenue. The 2010 tax levy has not been recorded as a receivable at April 30, 2010. Although the tax attached as a lien on property as of January 1, 2010, the tax will not be levied until December 2010, and, accordingly, is not measurable at April 30, 2010.

3. DEPOSITS AND INVESTMENTS

The Village’s Board of Trustees has adopted an investment policy to invest in instruments allowed by Illinois Compiled Statutes (ILCS). The policy further identifies allowable securities to include securities guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, certificates of deposit, or time deposits constituting direct obligations of any bank as defined by the Illinois Banking Act and only those insured by FDIC, short-term discount obligations of the Federal National Mortgage Association or in shares or other forms of security legally issuable by savings and loan associations incorporated under the laws of State of Illinois, and Illinois Funds.

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

A. Deposits with Financial Institutions.

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

B. Investments

The following table presents the investments in debt securities of the Village as of April 30, 2010 by type of investment.

Investment	Fair Value	Maturity (in years)			
		Less than 1	1-5	6-10	>10
Illinois Funds	\$ 240,083	\$ 240,083	\$ -	\$ -	\$ -

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

3. DEPOSITS AND INVESTMENTS – Continued

The Illinois Funds (the Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poors upon the request of the Fund's management. The most recent money market rating issued by Standard and Poors was AAAM. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statute provides the Illinois State Treasurer with regulatory oversight over the Pool.

*Interest rate risk* is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Village's investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio so that investments will have maturities to have available sufficient cash for all operating purposes. The policy limits investments of the General Fund and Special Revenue Funds to maturities of fifteen months from the date of purchase. For all other investments, any investment purchased with a maturity of longer than two years must be specifically pre-authorized by the Chair of the Administration Committee and the Village President.

*Credit risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Village's investment policy does not specifically address credit risk, but the Village limits its exposure to credit risk by primarily investing in Illinois Funds.

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. Illinois Funds are not subject to custodial credit risk.

*Concentration of credit risk* – The Village limits the amount a financial institution may hold of the Village's investment portfolio to \$100,000 excluding investments in U.S. Treasury securities held in safekeeping, investments in the Illinois Funds, and investments at a financial institution in which the deposits in excess of \$100,000 are secured by collateral.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

3. DEPOSITS AND INVESTMENTS – Continued

Police Pension Funds

The Pension Board has adopted an investment policy to invest in instruments allowed by Illinois Compiled Statutes (ILCS). The statutes allow pension funds to invest in the same securities as the Village. The policy further identifies allowable securities to include securities guaranteed by the full faith and credit of the United States of America, separate accounts of a life insurance company authorized to do business in Illinois, savings accounts or certificates of deposit of a national or State Bank, insured capital accounts and investments of State and federal chartered savings and loan associations and credit unions, and interest bearing bonds or tax anticipation warrants of the United States, State of Illinois, or of any county, township, or municipal corporation of the State of Illinois.

A. Deposits with Financial Institutions.

*Custodial credit risk* for deposits with financial institutions is the risk that in the event of a bank’s failure, the Pension Fund’s deposits may not be returned to them. To guard against credit risk for deposits with financial institutions the Pension Fund’s investment policy requires all deposits with financial institutions in excess of federal depository insurance be collateralized and held at an independent third party institution in the name of the Police Pension Fund and evidenced by a written collateral agreement.

B. Investments

The following table presents the investments in debt securities of the Police Pension Trust Fund as of April 30, 2010 by type of investment.

Investment	Fair Value	Maturity (in years)			
		Less than 1	1-5	6-10	>10
Illinois Funds	\$ 173,939	\$ 173,939	\$ -	\$ -	\$ -

The Illinois Funds (the Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poor’s upon the request of the Fund’s management. The most recent money market rating issued by Standard and Poor’s was AAAM. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statute provides the Illinois State Treasurer with regulatory oversight over the Pool.



VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

3. DEPOSITS AND INVESTMENTS – Continued

Police Pension Funds – Continued

*Interest rate risk* is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Pension Fund's investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio so that investments will have maturities to have available sufficient cash for all operating purposes. The policy structures the portfolio to 10 percent in certificates of deposits with maturities of one year or less, 60 percent in certificates of deposits with maturities of one to five years, and 30 percent in certificates of deposits with maturities of greater than six years.

*Credit risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Pension Fund's investment policy does not specifically address credit risk, but the Pension Fund limits its exposure to credit risk by primarily investing in certificates of deposit.

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty to the investment, the Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. Illinois Funds and the open ended mutual funds are not subject to custodial credit risk. The Pension Fund's investment policy limits its exposure to custodial credit risk for investments by requiring the purchase of certificates of deposit from financial institutions insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration.

*Concentration of credit risk* – The Pension Fund places no limit on the amount the Pension Fund may invest in any one issuer. The Pension Fund's investments consist of certificates of deposit, Illinois Funds, and insurance company mutual funds.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ending April 30, 2010 consists of the following:

	<u>Balances</u> <u>May 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30</u>
Land, not depreciated	\$ 372,000	\$ -	\$ -	\$ 372,000
Construction in progress, not depreciated	<u>98,340</u>	<u>383,664</u>	<u>26,284</u>	<u>455,720</u>
Total capital assets, not depreciated	<u>470,340</u>	<u>383,664</u>	<u>26,284</u>	<u>827,720</u>
Improvements	282,604	-	-	282,604
Buildings and grounds	617,269	-	-	617,269
Vehicles	625,474	25,766	21,790	629,450
Equipment	625,560	74,082	9,134	690,508
Infrastructure	<u>10,519,787</u>	<u>1,351,438</u>	<u>-</u>	<u>11,871,225</u>
Total capital assets being depreciated	<u>12,670,694</u>	<u>1,451,286</u>	<u>30,924</u>	<u>14,091,056</u>
Total capital assets	<u>13,141,034</u>	<u>1,834,950</u>	<u>57,208</u>	<u>14,918,776</u>
Less accumulated depreciation for:				
Improvements	99,416	7,065	-	106,481
Buildings and grounds	229,614	20,061	-	249,675
Vehicles	444,128	63,867	21,790	486,205
Equipment	493,723	54,720	9,134	539,309
Infrastructure	<u>1,102,092</u>	<u>279,888</u>	<u>-</u>	<u>1,381,980</u>
Total accumulated depreciation	<u>2,368,973</u>	<u>425,601</u>	<u>30,924</u>	<u>2,763,650</u>
Total capital assets being depreciated, net	<u>10,301,721</u>	<u>1,025,685</u>	<u>-</u>	<u>11,327,406</u>
Total capital assets, net of accumulated depreciation	<u>\$ 10,772,061</u>	<u>\$ 1,409,349</u>	<u>\$ 26,284</u>	<u>\$ 12,155,126</u>

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS – Continued

B. Business-type activities

Capital asset activity for the year ended April 30, 2010 consists of the following:

<u>ELECTRIC</u>	<u>Balances</u> <u>May 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30</u>
Land, not depreciated	\$ 279,734	\$ -	\$ -	\$ 279,734
Construction in progress, not depreciated	<u>5,160,959</u>	<u>-</u>	<u>5,160,959</u>	<u>-</u>
Total capital assets, not being depreciated	<u>5,440,693</u>	<u>-</u>	<u>5,160,959</u>	<u>279,734</u>
Improvements	62,550	-	-	62,550
Buildings and grounds	694,249	-	-	694,249
Vehicles	738,631	-	-	738,631
Equipment	279,566	248,202	-	527,768
Utility plant	<u>9,073,902</u>	<u>5,672,447</u>	<u>-</u>	<u>14,746,349</u>
Total capital assets being depreciated	<u>10,848,898</u>	<u>5,920,649</u>	<u>-</u>	<u>16,769,547</u>
Total capital assets <u>17,049,281</u>	<u>16,289,591</u>	<u>5,920,649</u>	<u>5,160,959</u>	<u>-</u>
Less accumulated depreciation for:				
Improvements	23,218	1,194	-	24,412
Buildings and grounds	261,385	19,780	-	281,165
Vehicles	678,889	35,333	-	714,222
Equipment	217,836	24,484	-	242,320
Utility plant	<u>3,487,293</u>	<u>271,004</u>	<u>-</u>	<u>3,758,297</u>
Total accumulated depreciation	<u>4,668,621</u>	<u>351,795</u>	<u>-</u>	<u>5,020,416</u>
Total capital assets being depreciated, net	<u>6,180,277</u>	<u>5,568,854</u>	<u>-</u>	<u>11,749,131</u>
Total capital assets, net of accumulated depreciation	<u>\$ 11,620,970</u>	<u>\$ 5,568,854</u>	<u>\$ 5,160,959</u>	<u>\$ 12,028,865</u>

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS - Continued

B. Business-type activities – Continued

<u>WATERWORKS &amp; SEWERAGE</u>	<u>Balances May 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances April 30</u>
Land, not depreciated	\$ 39,000	\$ -	\$ -	\$ 39,000
Construction in progress, not depreciated	<u>2,236,197</u>	<u>1,257,597</u>	<u>3,493,794</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,275,197</u>	<u>1,257,597</u>	<u>3,493,794</u>	<u>39,000</u>
Buildings and grounds	102,270	-	-	102,270
Vehicles	306,300	53,803	-	360,103
Equipment	173,055	128,554	-	301,609
Utility plant	<u>14,194,653</u>	<u>256,796</u>	<u>-</u>	<u>14,451,449</u>
Total capital assets being depreciated	<u>14,776,278</u>	<u>439,153</u>	<u>-</u>	<u>15,215,431</u>
Total capital assets	<u>17,051,475</u>	<u>1,696,750</u>	<u>3,493,794</u>	<u>15,254,431</u>
Less accumulated depreciation for:				
Buildings and grounds	27,351	2,557	-	29,908
Vehicles	278,381	30,515	-	308,896
Equipment	104,741	24,958	-	129,699
Utility plant	<u>6,382,277</u>	<u>400,993</u>	<u>-</u>	<u>6,783,270</u>
Total accumulated depreciation	<u>6,792,750</u>	<u>459,023</u>	<u>-</u>	<u>7,251,773</u>
Total capital assets being depreciated, net	<u>7,983,528</u>	<u>(19,870)</u>	<u>-</u>	<u>7,963,658</u>
Total capital assets, net of accumulated depreciation	<u>\$ 10,258,725</u>	<u>\$ 1,237,727</u>	<u>\$ 3,493,794</u>	<u>\$ 8,002,658</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS – Continued

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

Governmental activities:	
General government	\$ 11,747
Culture and recreation	58,845
Public safety	45,573
Public works/transportation	<u>309,436</u>
Total depreciation expense – governmental activities	<u>\$ 425,601</u>
Business-type activities:	
Electric	\$ 351,795
Waterworks and Sewerage	<u>459,023</u>
Total depreciation expense – business-type activities	<u>\$ 810,818</u>

5. RESTRICTED ASSETS

The Village reports restricted cash in the Electric Fund due to the issuance of the 2006 and 2008 General Obligation Bonds (Alternative Revenue Source) and the 2007 and 2010 Debt Certificates, restricted cash in the Waterworks and Sewerage Fund due to the issuance 2010 Debt Certificates, restricted cash in the TIF District Fund due to the issuance of the 2009 General Obligation Bonds, and restricted cash in the General Fund due to the issuance of the 2001 General Obligation Bonds and other restrictions relating to law enforcement.

Waterworks and Sewerage Fund

The Waterworks and Sewerage Debt Certificates (Series 2010) Ordinance requires the creation and funding of certain reserve accounts. These reserve account balances are further required to be invested as stipulated in the ordinance and segregated from the other funds.

Waterworks and Sewerage Fund:

Cash:	
Expense Account	\$ <u>2,976</u>

As of April 30, 2010, all accounts are funded as required by the certificate ordinance. The funding requirements of these accounts are established by the certificate ordinance and are outlined as follows:

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Waterworks and Sewerage Fund – Continued

Certificate Account (Debt Service), established for repayment of certificate principal and interest. Funding of this account shall be determined by the Issuer.

Expense Account, established to pay costs required for issuance of the Certificates.

Electric Fund

The Electric General Obligation Bonds (Alternate Revenue Source), Series 2006 and the Electric General Obligation Bonds (Alternate Revenue Source), Series 2008 require the funding by the utility of certain reserve accounts. These reserve account balances are required to be invested as the ordinances call for and segregated from the other funds. The following accounts were so segregated at April 30, 2010.

Electric Fund:

Cash:

Electric Jr Bond Proceeds (Construction Account)	\$	3
Electric Jr Bond and Interest		<u>159,097</u>
Total	\$	<u>159,100</u>

As of April 30, 2010, all accounts were funded as required by the bond ordinances. The funding requirements of these accounts are established by the general obligation bond ordinances and are outlined as follows for the 2006 and 2008 general obligation bonds (alternate revenue source).

Construction Account, established to pay costs of the project and paying the fees and expenses incidental thereto.

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

Junior Bond and Interest Account, established to accumulate an amount sufficient to pay principal or interest or both. There shall be deposited to the Junior Bond and Interest Account, a fractional amount of interest becoming due on the next succeeding interest payment date and a fractional amount of principal becoming due on the next succeeding principal maturity date of all of the Outstanding Junior Bonds.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Electric Fund – Continued

Junior Bond Reserve Account, established to accumulate funds to be used to pay principal or interest on outstanding bonds at any time when there are insufficient funds available in the Junior Bond and Interest Account to pay the same.

Depreciation, Improvement, and Extension Account, established to accumulate funds established per bond ordinances for the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies for which no other funds are available.

Surplus Account, established to accumulate funds remaining in the System Fund, after crediting the required amounts to the respective accounts noted above and after making up any deficiency in the above accounts. Then, at the discretion of the Corporate Authorities, the funds shall be used, if at all, for one or more of the following purposes:

- (1) For the purpose of constructing or acquiring repairs, replacements, or improvements to the System or
- (2) For the purpose of purchasing Outstanding Bonds or
- (3) For any other lawful corporate purpose (including but not limited to payments in lieu of taxes and general supervision and administrative charges by the Issuer.)

The Electric Debt Certificates (Series 2007) and Electric Debt Certificates (Series 2010) Ordinances require the creation and funding of certain reserve accounts. These reserve account balances are further required to be invested as stipulated in the ordinances and segregated from the other funds.

The funding requirements of these accounts are established by the certificate ordinances and are outlined as follows:

Certificate Account (Debt Service), established for repayment of certificate principal and interest. Funding of this account shall be determined by the Issuer.

Project Account, established to pay costs required for establishing and maintaining project associated with the certificates.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Electric Fund – Continued

Rebate Account, established for deposit of necessary investment earnings to the extent required so as to maintain the tax exempt status of the interest on the Certificates under Section 148 (f) of the Internal Revenue Code of 1986, as amended. Any rebates, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from applicable excess earnings or other sources which are to be deposited in the Rebate Account.

During fiscal year 2010, the Village made monthly principal and interest payments on the 2007 and 2010 Electric Debt Certificates in accordance with the debt service requirements. The Village did not accumulate funds in the above accounts.

Tax Increment Financing

The Tax Increment Financing General Obligation Bonds (Alternate Revenue Source), Series 2009 require the funding by the incremental tax income derived from a separately created tax increment financing district of certain reserve accounts. These reserve account balances are required to be invested as stipulated in ordinances and segregated from the other funds. The following accounts were so segregated at April 30, 2010.

Tax Increment Financing Fund:

	<u>Debt Service</u>
Cash:	
TIF Bond and Interest	\$ 64,215
Total	<u>\$ 64,215</u>

As of April 30, 2010, all accounts were funded as required by the bond ordinance. The funding requirements of these accounts are established by the tax increment financing bond ordinance and are outlined as follows:

Tax Increment Financing Account, established to establish a balance sufficient to pay necessary tax increment financing costs required for establishing and maintaining the Project Area. The account balance totals \$186,057 as of April 30, 2010.

Bond and Interest Account, established to accumulate an amount sufficient to pay principal or interest or both. There shall be deposited to the Bond and Interest Account, a fractional amount of interest becoming due on the next succeeding interest payment date and a fractional amount of principal becoming due on the next succeeding principal maturity date of all of the Outstanding Bonds.



VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

5. RESTRICTED ASSETS – Continued

Tax Increment Financing – Continued

Surplus Account, established to accumulate funds remaining in the Special Tax Allocation Fund, after crediting the required amounts to the respective accounts noted above and after making up any deficiency in the above accounts. Then, at the discretion of the Corporate Authorities, the funds shall be used, if at all, for one or more of the following purposes:

- (1) For the purpose of paying any Project costs or
- (2) For the purpose of purchasing Outstanding Bonds or
- (3) For the purpose of paying for other redevelopment costs and projects within the Project Area or
- (4) For the purpose of distributing funds to the taxing districts or municipal corporations having power to tax real property located in the Project Area, in accordance with the TIF Act
- (5) For any other lawful corporate purpose

General Fund

The General Obligation Bonds, Series 2001 require the funding of a Debt Service account with taxes levied to be used for the sole purpose of paying principal of and interest on the Bonds. As of April 30, 2010, the account was funded as required by the ordinance. In addition, there are other restricted accounts relating to law enforcement.

General Fund

Cash:	
2001 Debt Service	\$ 26,301
Crime Prevention	1,237
Drug Asset Forfeiture	1,042
DUI Equipment	1,425
Police Vehicle Fees	<u>12,033</u>
Total	<u>\$ 42,038</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT

Governmental activities

Tax Increment Financing General Obligation Bonds (Alternate Revenue Source)

The Village issued bonds where the Village pledges incremental tax income derived from a separately created tax increment financing district. The Village pays debt service expenditures from increment sales and income tax and property taxes collected within the Tax Increment Financing District. Tax increment financing bonds currently outstanding are as follows:

\$690,000 Tax Increment General Obligation Bonds (Alternative Revenue Source), Series 2009 dated October 27, 2009 payable through August 1, 2015 in various amounts ranging from \$110,000 to \$125,000; interest rates ranging from 1.3% to 3.0%     \$ 690,000

Refunding

On August 11, 2009, the Village issued \$690,000 in Tax Increment General Obligation Bonds (Alternative Revenue Source), Series 2009 with interest rates of 1.30 to 3.00 percent with a portion of the bonds to refund \$565,000 of outstanding Tax Increment General Obligation Bonds, Series 1997 with interest rates of 5.00 to 5.30 percent. As a result of the refunding the Village will realize additional cash flows of approximately \$37,564 and an economic gain of \$26,620.

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

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 110,000	\$ 14,763	\$ 124,763
2012	110,000	13,113	123,113
2013	110,000	11,023	121,023
2014	115,000	8,459	123,459
2015	120,000	5,400	125,400
2016	125,000	1,875	126,875
Total	<u>\$ 690,000</u>	<u>\$ 54,633</u>	<u>\$ 744,633</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

General Obligation Bonds

\$390,000 General Obligation Bonds (Series 2001) payable through December 30, 2016 in various amounts ranging from \$26,000 to \$36,000; interest rates ranging from 4.3% to 5.00% \$ 220,000

Future principal and interest payments on general obligation bonds are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 27,000	\$ 10,811	\$ 37,811
2012	28,000	9,650	37,650
2013	30,000	8,250	38,250
2014	31,000	6,750	37,750
2015	33,000	5,200	38,200
2016 – 2017	<u>71,000</u>	<u>5,350</u>	<u>76,350</u>
Total	<u>\$ 220,000</u>	<u>\$ 46,011</u>	<u>\$ 266,011</u>

Capital Leases

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased asset (squad car) and related obligation are accounted for as governmental activities. The asset under the capital lease net of depreciation totaled \$22,295 at April 30, 2010. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2010:

Year ended April 30,	
2011	\$ 9,145
2012	8,914
2013	<u>2,880</u>
Future minimum lease payments	20,939
Less: Amount representing interest	<u>657</u>
Present value of minimum lease payments	<u>\$ 20,282</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

Capital Leases – Continued

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased assets (squad cars, farm loader, mower, tractor, and truck) and related obligation are accounted for as governmental activities. The assets under the capital lease net of depreciation totaled \$81,641 at April 30, 2010. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2010:

Year ended April 30,		
2011	\$	30,043
2012		<u>7,601</u>
Future minimum lease payments		37,644
Less: Amount representing interest		<u>1,220</u>
Present value of minimum lease payments	\$	<u><u>36,424</u></u>

The Village is obligated under a vehicle lease accounted for as a capital lease. The leased assets (three squad cars) and related obligation are accounted for as governmental activities. The assets under the capital lease net of depreciation totaled \$44,587 at April 30, 2010. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2010:

Year ended April 30,		
2011	\$	22,484
2012		<u>5,599</u>
Future minimum lease payments		28,083
Less: Amount representing interest		<u>634</u>
Present value of minimum lease payments	\$	<u><u>27,449</u></u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Governmental activities – Continued

Following is a summary of the changes that occurred to the liabilities reported in the governmental activities of the Village for the year ended April 30, 2010.

	Balance <u>May 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>April 30, 2010</u>
G.O. bonds	\$ 246,000	\$ -	\$ 26,000	\$ 220,000
TIF G.O. bonds	565,000	690,000	565,000	690,000
Capital lease	113,983	25,000	54,828	84,155
Net pension obligation	858,761	20,880	-	879,641
Net OPEB obligation	-	50,072	-	50,072
Compensated absences	312,448	271,526	312,448	271,526
	<u>\$ 2,096,192</u>	<u>\$ 1,057,478</u>	<u>\$ 958,276</u>	<u>\$ 2,195,394</u>

Following are governmental activities obligations due within one year:

G.O. bonds	\$ 27,000
TIF G.O. bonds	110,000
Capital lease	59,631
Compensated absences	<u>271,526</u>
Total	<u>\$ 468,157</u>

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

2001 Debt Service (General Fund)	\$ 26,301
Restricted Cash (TIF Debt Service Fund)	<u>64,215</u>
	<u>\$ 90,516</u>

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Business-type activities

General Obligation Bonds (Alternate Revenue Source)

\$3,410,000 Electric General Obligation Bonds (Alternate Revenue Source), Series 2006, payable through November 1, 2026 in various amounts ranging from \$120,000 to \$245,000; interest rates ranging from 3.69% to 4.19% \$ 3,055,000

\$1,500,000 Electric General Obligation Bonds (Alternate Revenue Source), Series 2008, payable through November 1, 2028 in various amounts ranging from \$55,000 to \$115,000; interest rates ranging from 2.75% to 5.00% 1,500,000

Total General Obligation Bonds (Alternate Revenue Source) \$ 4,555,000

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

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 180,000	\$ 185,968	\$ 365,968
2012	185,000	179,842	364,842
2013	200,000	173,340	373,340
2014	205,000	166,064	371,064
2015	210,000	158,421	368,421
2016 - 2020	1,195,000	662,965	1,857,965
2021 - 2025	1,470,000	399,287	1,869,287
2026 - 2029	<u>910,000</u>	<u>84,758</u>	<u>994,758</u>
Total	<u>\$ 4,555,000</u>	<u>\$ 2,010,645</u>	<u>\$ 6,565,645</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Debt Certificates

\$300,000 Electric Debt Certificates, Series 2007, payable through October 1, 2010; interest rate 3.95%	\$ 52,418
\$200,000 Electric Debt Certificates, Series 2010, payable through May 1, 2015; interest rate 3.75%	200,000
\$2,715,000 Waterworks Debt Certificates, Series 2010, payable October 1, 2010; interest rate 1.99%	<u>2,715,000</u>
Total Debt Certificates	<u>\$ 2,967,418</u>

Future principal and interest payments on the debt certificates are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,767,418	\$ 35,325	\$ 2,802,743
2012	35,000	6,844	41,844
2013	40,000	5,438	45,438
2014	40,000	3,938	43,938
2015	40,000	2,438	42,438
2016	<u>45,000</u>	<u>844</u>	<u>45,844</u>
Total	<u>\$ 2,967,418</u>	<u>\$ 54,827</u>	<u>\$ 3,022,245</u>

Lines of Credit

\$500,000 line of credit from a local bank bearing interest at 2.75%, interest due monthly. The line matures August, 14, 2010.	\$ 350,000
\$1,050,000 line of credit from a local bank bearing interest at 2.75%, interest due monthly. The line matures October 1, 2010.	<u>1,041,223</u>
Total Line of Credit	<u>\$ 1,391,223</u>

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

6. LONG-TERM DEBT – Continued

Capital Lease

The Village is obligated under one equipment lease accounted for as a capital lease. The leased asset (truck and valve machine) and related obligation are accounted for as business-type activities. The asset under the capital lease net of depreciation totaled \$50,941 at April 30, 2010. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments at April 30, 2010:

Year ended April 30,	
2011	\$ 11,642
2012	11,643
2013	11,643
2014	11,643
2015	<u>7,763</u>
Future minimum lease payments	54,334
Less: Amount representing interest	<u>4,040</u>
Present value of minimum lease payments	<u>\$ 50,294</u>

Following is a summary of the changes that occurred to the liabilities reported in the business-type activities of the Village for the year ended April 30, 2010.

	<u>Balance</u> <u>May 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2010</u>
G.O. bonds (Alternate Revenue Source)	\$ 4,675,000	\$ -	\$ 120,000	\$ 4,555,000
Debt certificates	2,646,016	2,915,000	2,593,598	2,967,418
Line of Credit	-	1,471,223	80,000	1,391,223
Capital leases	-	52,863	2,569	50,294
Net OPEB obligation	-	20,706	-	20,706
Compensated absences	<u>138,158</u>	<u>143,604</u>	<u>138,158</u>	<u>143,604</u>
	<u>\$ 7,459,174</u>	<u>\$ 4,603,396</u>	<u>\$ 2,934,325</u>	<u>\$ 9,128,245</u>

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

G.O. bonds (Alternate Revenue Source)	\$ 180,000
Debt certificates	2,767,418
Line of Credit	1,391,223
Capital leases	10,136
Compensated absences	<u>143,604</u>
Total	<u>\$ 4,492,381</u>



VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

7. INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2010 consist of:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Electric Fund	\$ -	\$ 87,478
Police Pension Trust Fund	-	447
Aggregate Nonmajor Governmental Funds	<u>-</u>	<u>11,989</u>
	<u>-</u>	<u>99,914</u>
Aggregate Nonmajor Governmental Funds:		
General Fund	11,989	-
Electric Fund	14,477	-
Aggregate Nonmajor Governmental Funds	<u>490</u>	<u>490</u>
	<u>26,956</u>	<u>490</u>
Electric Fund:		
General Fund	87,478	-
Waterworks and Sewerage Fund	56,460	-
Aggregate Nonmajor Governmental Funds	<u>-</u>	<u>14,477</u>
	<u>143,938</u>	<u>14,477</u>
Waterworks and Sewerage Fund:		
Electric Fund	<u>-</u>	<u>56,460</u>
Police Pension Trust Fund:		
General Fund	<u>447</u>	<u>-</u>
Total	<u>\$ 171,341</u>	<u>\$ 171,341</u>

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

- \$87,478 due from the General fund to the Electric fund. This balance relates to the remaining balance of the interfund loan. The Village expects the obligation will be liquidated within one year.
- \$447 due from the General fund to the Police Pension fund. This balance relates to accrued but unpaid transfers for training costs. The Village expects the obligation will be liquidated within one year.
- \$11,989 due from the General fund to Aggregate nonmajor governmental funds. This balance relates to accrued but unpaid transfers to the Police and public works utility tax fund for telecommunication fees. The Village expects the obligation will be liquidated within one year.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

7. INTERFUND BALANCES – Continued

- \$490 due from other funds to Aggregate nonmajor governmental funds. This balance relates to accrued but unpaid transfers from the Cemetery fund to the Cemetery Trust fund for lot sales. The Village expects the obligation will be liquidated within one year.
- \$14,477 due from the Electric fund to Aggregate nonmajor governmental funds. This balance relates to accrued but unpaid transfers to the Yard waste fund for yard waste receipts. The Village expects the obligation will be liquidated within one year.
- \$56,460 due from the Waterworks and sewerage fund to the Electric fund. This balance relates to the remaining balance of the loan to the Waterworks and sewerage fund to cover operating expenses.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor Governmental Funds	\$ _____ -	\$ _____ 48,000
TIF District Fund:		
Nonmajor Governmental Funds:	_____ -	_____ 471,883
Nonmajor Governmental Funds:		
General Fund	48,000	-
TIF District Fund	<u>471,883</u>	<u>-</u>
	<u>519,883</u>	<u>-</u>
Total interfund transfers	<u>\$ 519,883</u>	<u>\$ 519,883</u>

The purposes of interfund transfers are as follows:

- \$48,000 transferred from the General Fund to nonmajor governmental funds. This amount relates to a transfer to the Capital projects fund for future capital projects. The transfers will not be repaid.
- \$471,883 transferred from the TIF District Fund to nonmajor governmental funds. This amount relates to a transfer to the TIF District debt service fund for debt service payments. The transfers will not be repaid.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. RETIREMENT PLANS

Plan descriptions

Illinois Municipal Retirement Fund

*Plan Description.* The Village of Chatham’s defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, the Village’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 11.56 percent of annual covered payroll. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, which the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For the fiscal year ending April 30, 2010, the Village of Chatham’s annual pension cost of \$240,050 for the Regular plan was equal to the Village of Chatham’s required and actual contributions.

Three-Year Trend Information for Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/2010*	\$ 240,050	100%	\$ -
12/31/2008	207,901	100%	-
12/31/2007	177,722	100%	-

\*Beginning in fiscal year 2010, the trend information reflects contributions for the Village’s fiscal year, rather than the IMRF fiscal year.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

8. RETIREMENT PLANS – Continued

Illinois Municipal Retirement Fund – Continued

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 24 years.

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 67.42 percent funded. The actuarial accrued liability for benefits was \$5,224,833 and the actuarial value of assets was \$3,522,489, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,702,344. The covered payroll (annual payroll of active employees covered by the plan) was \$1,965,543 and the ratio of the UAAL to covered payroll was 86.61 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

8. RETIREMENT PLANS – Continued

Police Pension Fund

*Plan Description.* Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single employer pension plan. The plan issues an annual report to the Illinois Department of Insurance; however, they do not issue their own stand-alone financial statements. The Village accounts for the plan as a pension trust fund. Although this is a single employer pension plan, the defined benefits, as well as the employee and employer contribution levels, are mandated by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. Plan members' contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions.

The Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1986, shall be increased, upon either the first of the month following the first anniversary of the date of retirement if the officer is 55 years of age, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement, by 1/12 of 3.00% of the originally granted pension for each full month that has elapsed since the pension began, and by an additional 3.00% of the originally granted pension in January of each year thereafter.

*Funding Policy.* Covered employees are required to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village's annual contribution to the plan is provided by property tax levy. These taxes are required to be of an amount necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the Village's contributions must accumulate to the point where the past service cost for the Plan is fully funded.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. RETIREMENT PLANS – Continued

Police Pension Fund – Continued

*Annual Pension Cost and Net Pension Asset.* The Village’s annual pension cost and net pension asset to the Police Pension Plan for the most current year (April 30, 2010) were as follows:

Annual required contributions	\$ 272,172
Interest on net pension asset	57,966
Adjustments to annual required contribution	<u>(64,689)</u>
Annual pension cost	265,449
Annual contributions made	<u>244,569</u>
Change in net pension obligation	20,880
Net pension obligation (asset), beginning of year	<u>858,761</u>
Net pension obligation (asset), end of year	<u><u>\$ 879,641</u></u>

Three-Year Trend Information for Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/2010	\$ 265,449	92.13%	\$ 879,641
4/30/2009	238,878	86.70%	858,761
4/30/2008	206,133	79.94%	826,992

The annual required contribution was determined as part of the May 1, 2008 actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 6.75 percent investment rate of return and (b) projected salary increases ranging from 1.12 to 4.86 percent. Both (a) and (b) included an inflation component of 2.5 percent and cost of living increases of 3 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at the May 1, 2009 actuarial valuation date was 28 years.

*Funding Status and Funding Progress.* As of May 1, 2009, the most recent actuarial valuation date, the Police Pension Plan was 74.02 percent funded. The actuarial accrued liability for benefits was \$5,104,866 and the actuarial value of assets was \$3,778,387, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,326,479. The covered payroll of active employees covered by the plan was \$899,045 and the ratio of the UAAL to the covered payroll was 147.54 percent.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

8. RETIREMENT PLANS – Continued

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

Benefits Provided

The Village provides post retirement health benefits, as per the requirements of local ordinances and labor agreements.

Retirees covered under the International Brotherhood of Electrical Workers, Local Number 51 and the International Union of Operating Engineers, Local 965 AFL-CIO, are eligible to continue their health care coverage with the Village's carrier. The Village will pay the retirees single medical insurance coverage provided the employee is not eligible from other sources as per the following schedule upon retirement until said employee is eligible for Medicare benefits. If the employee is eligible for coverage from other sources the Village will pay that amount provided it does not exceed the amount the Village regularly pays for single member premium coverage. If the premium contribution exceeds the costs of the Village contribution, the retiree will be eligible to remain on the Village plan. To be eligible for this benefit, the retiree shall be at least fifty-five years of age and has been an employee of the Village for a minimum of 10 years.

10 years of employment with the Village = 25% of single medical coverage premium  
15 years of employment with the Village = 50% of single medical coverage premium  
20 years of employment with the Village = 100% of single medical coverage premium

All other Village retirees are eligible to continue their health coverage with the Village's carrier, provided the employee has completed a minimum of 20 years of service and is not eligible for equal insurance from another source. The Village will pay the cost for medical insurance until the retiree is eligible for Medicare.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

9. OTHER POST-EMPLOYMENT BENEFITS – Continued

Membership

At May 1, 2009 (latest information available), membership consisted of:

Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	53
Active nonvested plan members	-
	<hr/>
TOTAL	54
	<hr/>
Participating employers	1
	<hr/>

Funding Policy

The Village negotiates the contribution percentages between the Village and employees through union contracts and personnel policy. The Village contributes the cost of providing the benefits to the retirees via the insured plan (pay as you go). For the fiscal year ended April 30, 2010, the Village contributed \$8,031.

Annual OPEB costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of May 1, 2009 to determine the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2010. The Village's annual OPEB cost (expense) of \$78,809 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of May 1, 2009. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2010 was as follows (information for fiscal year 2009 is not available as an actuarial valuation was performed for the first time as of May 1, 2009):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	\$ 78,809	\$ 8,031	10.19%	\$ 70,778



VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

9. OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB costs and Net OPEB Obligation – Continued

The net OPEB obligation (NOPEBO) at April 30, 2010 (latest information available), was calculated as follows:

Annual required contribution	\$ 78,809
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	78,809
Contributions made	<u>8,031</u>
Increase (decrease) in net OPEB obligation	70,778
Net OPEB obligation beginning of year	<u>-</u>
 NET OPEB OBLIGATION END OF YEAR	 <u>\$ 70,778</u>

*Funded Status and Funding Progress.* The funded status of the plan as of May 1, 2009 (latest information available), was as follows:

Actuarial accrued liability (AAL)	\$ 764,588
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 764,588
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,914,377
UAAL as a percentage of covered payroll	26.24%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

VILLAGE OF CHATHAM, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

9. OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB costs and Net OPEB Obligation – Continued

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 1, 2009 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return and an annual healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 6.0%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2010, was 30 years.

10. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To insure against the losses, the Village participates in the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool with transfers of risk. The Village pays an annual premium to IMLRMA for its coverage. Employee health risks are insured through the purchase of a commercial insurance plan. Settled claims have not exceeded this coverage in any of the past three fiscal years.

11. JOINT VENTURE

During fiscal year 2009, the Village, along with the Village of New Berlin, Illinois, established the South Sangamon Water Commission. The Commission is a municipal corporation established pursuant to the provisions of the Water Commission Act of the State of Illinois (65 ILCS 5/11-135-1 et. seq.) for the purpose of constructing and operating a water supply distribution system serving its customers. The Village will assign to the Commission all of the Village's right, title and interest of the water treatment and transmission system on the condition the Village's expenses will be reimbursed from the proceeds of a revenue bond to be issued by the Commission.

VILLAGE OF CHATHAM, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

11. JOINT VENTURE – Continued

During fiscal year 2010, the Village and the Water Commission entered into an intergovernmental agreement for the Village to be the lead agency for the construction of the water transmission lines and raw water mains portion of the project. All costs incurred by the Village shall be paid by the Commission from the bond proceeds of the anticipated revenue or alternate revenue bond issue with respect to the project. As of April 30, 2010 the Village had accumulated expenses of \$3,804,311 relating to the system that will be reimbursed by the Commission. Separate audited financial statements for the Commission are not available as the initial fiscal year audit is not complete.

During fiscal year 2010, the Village entered into a wholesale water agreement with the South Sangamon Water Commission whereby the Water Commission will supply water to the Village until December 31, 2040, or 5 years after the expiration of the original issue of the Commission’s bonds, whichever is later. The agreement shall become effective once the IEPA issues all required operating permits and the treatment plant commences operation.

12. OTHER RECEIVABLES

Other receivables consist of the following as of April 30, 2010:

Telecommunication tax receivable	\$ 80,487
Franchise tax receivable	37,877
Other receivables	<u>20,869</u>
Total	<u>\$ 139,233</u>

13. DEVELOPMENT ASSISTANCE

The Village has entered into an agreement with a private organization to encourage economic development in the Village. This agreement provides for a rebating of a portion of sales tax generated by the organization up to a maximum of \$30,000 per year. The agreement expires upon the earliest of (1) the payment of \$90,000 to the organization, or (2) the passage of 3 years following the month the organization’s store opens. The organization opened for business in November 2007. Rebates totaling \$60,000 were paid to the organization as of April 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

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

**April 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/09	\$ 3,522,489	\$ 5,224,833	\$ 1,702,344	67.42%	\$ 1,965,543	86.61%
12/31/08	3,192,947	4,740,507	1,547,560	67.35%	1,928,583	80.24%
12/31/07	3,081,385	4,070,608	989,223	75.70%	1,745,797	56.66%
12/31/06	2,597,274	3,245,899	648,625	80.02%	1,522,720	42.60%
12/31/05	2,347,003	2,793,452	446,449	84.02%	1,390,837	32.10%
12/31/04	2,010,480	2,387,094	376,614	84.22%	1,315,926	28.62%

**VILLAGE OF CHATHAM, ILLINOIS**

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

**April 30, 2010**

<u>Year Ending</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
4/30/10	\$ 240,050	\$ 240,050	100.00%
12/31/08	207,901	207,901	100.00%
12/31/07	177,722	177,722	100.00%
12/31/06	155,926	155,926	100.00%
12/31/05	133,659	133,659	100.00%
12/31/04	120,539	120,539	100.00%

**VILLAGE OF CHATHAM, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**POLICE PENSION TRUST FUND**

**April 30, 2010**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL (Overfunded) As a Percentage of Covered Payroll (4) / (5)
5/1/2009	\$ 3,778,387	\$ 5,104,866	74.02%	\$ 1,326,479	\$ 899,045	147.54%
5/1/2008	3,311,578	4,447,685	74.46%	1,136,107	852,267	133.30%
5/1/2007	2,892,468	3,896,810	74.23%	1,004,342	777,044	129.25%
5/1/2006	2,511,176	3,848,328	65.25%	1,337,152	727,226	183.87%
5/1/2005	2,155,665	3,425,308	62.93%	1,269,643	690,979	183.75%
5/1/2004	1,952,609	3,151,117	61.97%	1,198,508	676,552	177.15%

Note: The Village has elected to have biennial valuations performed for the Police Pension Plan. Each valuation provides two years of data.

VILLAGE OF CHATHAM, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION TRUST FUND

April 30, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 244,569	\$ 272,172	89.86%	\$ 879,641
2009	207,109	244,507	84.70%	858,761
2008	164,776	210,929	78.12%	826,992
2007	141,942	217,815	65.17%	785,635
2006	114,858	217,815	52.73%	713,578
2005	93,300	187,911	49.65%	613,476

Note: The Village has elected to have biennial valuations performed for the Police Pension Plan.  
Each valuation provides two years of data.



**VILLAGE OF CHATHAM, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**April 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
4/30/09	-	\$ 764,588	\$ 764,588	0.00%	\$ 2,914,377	26.24%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010. Information for prior years is not available.

VILLAGE OF CHATHAM, ILLINOIS

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

April 30, 2010

<u>Fiscal Year Ending</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 8,031	\$ 78,809	10.19%	\$ 70,778

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010. Information for prior years is not available.

VILLAGE OF CHATHAM, ILLINOIS  
General Fund

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

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Property taxes	\$ 843,205	\$ 843,205	\$ 844,858
Replacement tax	-	-	2,472
Road and bridge taxes	55,000	55,000	56,409
Sales taxes	775,000	775,000	726,178
Income taxes	908,870	908,870	817,509
Local use tax	149,280	149,280	123,036
Telecommunications tax	225,000	225,000	258,479
Franchise fees	188,000	188,000	188,772
Business licenses	16,000	16,000	14,317
Building and zoning fees	45,000	45,000	51,690
Fines	44,000	44,000	42,972
Recreation program fees and contributions	20,000	20,000	18,421
Charges for services	73,000	73,000	32,359
Administration fee	207,880	207,880	207,880
Investment income	8,000	8,000	886
Other	68,000	68,000	35,805
	<u>3,626,235</u>	<u>3,626,235</u>	<u>3,422,043</u>
<b>EXPENDITURES</b>			
General government:			
Salaries and overtime	88,100	112,100	109,761
Village officials	54,000	54,000	52,285
Other payroll expenditures	41,645	45,645	45,186
Travel and training	6,300	7,800	7,355
Legal fees	42,500	64,000	63,683
Professional services	144,090	175,090	174,371
Accounting and auditing fees	2,200	2,200	2,200
Building and grounds maintenance	9,000	15,000	13,950
Program expenditures	12,000	15,000	14,677
Vehicle and equipment maintenance	7,500	5,500	4,518
Office expenditures	22,000	56,500	55,657
General insurance	13,500	17,000	16,651
Refunds	1,600	1,600	696
Sales tax incentive	30,000	30,000	30,000
	<u>474,435</u>	<u>601,435</u>	<u>590,990</u>
Total general government			(continued)

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
General Fund

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

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
Cemetery:			
Salaries and overtime	\$ 22,200	\$ 22,200	\$ 21,380
Other payroll expenditures	4,980	4,980	4,509
Building and grounds maintenance	13,800	15,800	15,587
 Total cemetery	 40,980	 42,980	 41,476
Culture and recreation:			
Salaries and overtime	206,000	213,000	212,219
Other payroll expenditures	66,400	63,900	62,598
Building and grounds maintenance	46,500	36,500	34,706
Program expenditures	15,000	15,000	13,676
4th of July	7,000	6,000	6,000
Vehicle and equipment maintenance	35,600	22,600	21,170
Office expenditures	5,500	3,500	2,283
Equipment purchase	3,500	24,000	21,801
Uniforms and supplies	5,400	5,400	4,586
Operating supplies	250	250	36
 Total culture and recreation	 391,150	 390,150	 379,075
Public safety:			
Salaries and overtime	1,173,000	1,158,500	1,147,752
Other payroll expenditures	386,720	376,220	358,138
Travel and training	4,300	4,300	3,377
Professional services	7,200	9,700	8,332
Building and grounds maintenance	4,000	4,000	1,609
Vehicle and equipment maintenance	42,450	40,450	37,605
Office expenditures	35,800	42,800	40,703
General insurance	33,000	42,000	41,824
Emergency services	11,000	7,000	6,850
Equipment purchase	19,800	23,900	23,456
Pension contribution	244,000	244,700	244,569
Uniforms and supplies	21,500	29,200	28,930
Crime prevention	2,500	2,500	1,277
 Total public safety	 1,985,270	 1,985,270	 1,944,422

(continued)

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
General Fund

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

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
Public works/transportation:			
Employee salaries and overtime	\$ 314,500	\$ 281,500	\$ 280,623
Other payroll expenditures	135,500	135,500	130,300
Professional services	4,500	7,000	5,841
Building and ground maintenance	4,900	15,900	14,036
Vehicle and equipment maintenance	84,300	84,300	75,444
General insurance	15,000	21,000	18,782
Equipment purchase	5,000	7,000	6,180
Uniforms and supplies	15,500	15,500	14,404
Street maintenance	14,100	25,600	23,797
Operating supplies	5,000	5,000	3,782
Office expenditures	1,600	1,600	1,143
	<u>599,900</u>	<u>599,900</u>	<u>574,332</u>
Debt service			
Principal	26,000	26,000	26,000
Interest	12,500	12,500	11,929
	<u>38,500</u>	<u>38,500</u>	<u>37,929</u>
Total debt service	<u>38,500</u>	<u>38,500</u>	<u>37,929</u>
Total expenditures	<u>3,530,235</u>	<u>3,658,235</u>	<u>3,568,224</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OVER OTHER FINANCING SOURCES (USES)	<u>96,000</u>	<u>(32,000)</u>	<u>(146,181)</u>
OTHER FINANCING SOURCES (USES)			
Transfer out	<u>(96,000)</u>	<u>(96,000)</u>	<u>(48,000)</u>
Total other financing (uses)	<u>(96,000)</u>	<u>(96,000)</u>	<u>(48,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (128,000)</u>	<u>(194,181)</u>
FUND BALANCE - MAY 1, 2009			<u>606,099</u>
FUND BALANCE - APRIL 30, 2010			<u>\$ 411,918</u> (concluded)

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
TIF District Fund

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

For the Year Ended April 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Property taxes	\$ 476,900	\$ 476,900	\$ 463,117
Investment income	22,000	22,000	4,926
	<u>498,900</u>	<u>498,900</u>	<u>468,043</u>
<b>EXPENDITURES</b>			
General government	10,500	25,500	22,220
Economic development	45,000	1,545,000	1,523,231
	<u>55,500</u>	<u>1,570,500</u>	<u>1,545,451</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>			
	<u>443,400</u>	<u>(1,071,600)</u>	<u>(1,077,408)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out	(114,280)	(614,280)	(471,883)
Bond proceeds	-	-	690,000
	<u>(114,280)</u>	<u>(614,280)</u>	<u>218,117</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	<u>\$ 329,120</u>	<u>\$ (1,685,880)</u>	(859,291)
<b>FUND BALANCE - MAY 1, 2009</b>			<u>1,030,434</u>
<b>FUND BALANCE - APRIL 30, 2010</b>			<u>\$ 171,143</u>

See accompanying Independent Auditors' Report.

VILLAGE OF CHATHAM, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

- (a) Budget - The President and Board of Trustees legally enact the budget through passage of an ordinance which is developed on the modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Fund and the accrual basis of accounting for the Proprietary Funds and the Fiduciary Funds. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by operational line item which constitutes the legal level of control. Expenditures may not exceed appropriations. All budget revisions must be approved by the Board of Trustees. The budget lapses at year end. The Village has adopted an annual budget for all funds. The Village approved a budget amendment during the fiscal year.

## COMBINING AND INDIVIDUAL FUND SCHEDULES



VILLAGE OF CHATHAM, ILLINOIS  
Nonmajor Governmental Funds

COMBINING BALANCE SHEET

April 30, 2010

	Special Revenue					Debt Service	Capital Projects	Permanent	Total
	Motor Fuel Tax	Cemetery	Veteran's Memorial Brick	Yard Waste	Police and Public Works Utility Tax	TIF District	Capital Projects	Cemetery Trust	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 47,512	\$ 7,576	\$ 9,829	\$ 64,517	\$ 29,216	\$ -	\$ 63,971	\$ 41,583	\$ 264,204
Restricted accounts - cash	-	-	-	-	-	64,215	-	-	64,215
Investments	-	-	-	-	-	-	-	239,130	239,130
Taxes receivable	22,327	-	-	-	-	-	-	-	22,327
Other receivables	-	-	-	5,505	-	-	-	3,403	8,908
Due from other funds	-	540	-	14,427	11,989	-	-	-	26,956
Due from other governments	-	-	-	-	-	-	30,207	-	30,207
Total current assets	<u>69,839</u>	<u>8,116</u>	<u>9,829</u>	<u>84,449</u>	<u>41,205</u>	<u>64,215</u>	<u>94,178</u>	<u>284,116</u>	<u>655,947</u>
<b>TOTAL ASSETS</b>	<u>\$ 69,839</u>	<u>\$ 8,116</u>	<u>\$ 9,829</u>	<u>\$ 84,449</u>	<u>\$ 41,205</u>	<u>\$ 64,215</u>	<u>\$ 94,178</u>	<u>\$ 284,116</u>	<u>\$ 655,947</u>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 2,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,019	\$ -	\$ 16,669
Due to other funds	-	-	-	-	-	-	-	490	490
<b>TOTAL LIABILITIES</b>	<u>2,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,019</u>	<u>490</u>	<u>17,159</u>
<b>FUND BALANCE</b>									
Reserved for maintenance of roadways	67,189	-	-	-	-	-	-	-	67,189
Reserved for cemetery care	-	-	-	-	-	-	-	227,840	227,840
Reserved for debt service	-	-	-	-	-	64,215	-	-	64,215
Unreserved and undesignated									
Special revenue	-	8,116	9,829	84,449	41,205	-	-	-	143,599
Capital projects	-	-	-	-	-	-	80,159	-	80,159
Permanent	-	-	-	-	-	-	-	55,786	55,786
Total fund balance	<u>67,189</u>	<u>8,116</u>	<u>9,829</u>	<u>84,449</u>	<u>41,205</u>	<u>64,215</u>	<u>80,159</u>	<u>283,626</u>	<u>638,788</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 69,839</u>	<u>\$ 8,116</u>	<u>\$ 9,829</u>	<u>\$ 84,449</u>	<u>\$ 41,205</u>	<u>\$ 64,215</u>	<u>\$ 94,178</u>	<u>\$ 284,116</u>	<u>\$ 655,947</u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
Nonmajor Governmental Funds

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

For the Year Ended April 30, 2010

	Special Revenue				Police and Public Works Utility Tax	Debt Service TIF District	Capital Projects Capital Projects	Permanent Cemetery Trust	Total
	Motor Fuel Tax	Cemetery	Veteran's Memorial Brick	Yard Waste					
REVENUES									
Motor fuel taxes	\$ 269,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,655
Telecommunications tax	-	-	-	-	64,620	-	-	-	64,620
Fees and service charges	-	10,950	1,050	57,733	-	-	6,173	15,724	91,630
State grants	-	-	-	-	-	-	55,388	-	55,388
Investment income	88	72	38	332	41	686	58	150	1,465
Total revenues	269,743	11,022	1,088	58,065	64,661	686	61,619	15,874	482,758
EXPENDITURES									
Current									
Cemetery	-	9,200	-	-	-	-	-	300	9,500
Culture and recreation	-	-	736	-	11,116	-	-	-	11,852
Public safety	-	-	-	-	58,872	-	-	-	58,872
Public works/transportation	261,780	-	-	54,592	25,012	-	-	-	341,384
Capital outlay	-	-	-	-	-	-	83,753	-	83,753
Debt service:									
Principal	-	-	-	-	-	565,000	-	-	565,000
Interest	-	-	-	-	-	32,934	-	-	32,934
Total expenditures	261,780	9,200	736	54,592	95,000	597,934	83,753	300	1,103,295
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	7,963	1,822	352	3,473	(30,339)	(597,248)	(22,134)	15,574	(620,537)
OTHER FINANCING SOURCES (USES)									
Transfer in	-	-	-	-	-	471,883	48,000	-	519,883
Capital leases issued	-	-	-	-	25,000	-	-	-	25,000
Total other financing sources (uses)	-	-	-	-	25,000	471,883	48,000	-	544,883
NET CHANGE IN FUND BALANCE	7,963	1,822	352	3,473	(5,339)	(125,365)	25,866	15,574	(75,654)
FUND BALANCE - MAY 1, 2009	59,226	6,294	9,477	80,976	46,544	189,580	54,293	268,052	714,442
FUND BALANCE - APRIL 30, 2010	\$ 67,189	\$ 8,116	\$ 9,829	\$ 84,449	\$ 41,205	\$ 64,215	\$ 80,159	\$ 283,626	\$ 638,788

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
Special Revenue Funds

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

For the Year Ended April 30, 2010

	Motor Fuel Tax		Cemetery		Veteran's Memorial Brick		Yard Waste		Police and Public Works Utility Tax	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
<b>REVENUES</b>										
Motor fuel tax	\$ 275,850	\$ 269,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telecommunications tax	-	-	-	-	-	-	-	-	62,000	64,620
Fees and service charges	-	-	-	-	550	1,050	57,500	57,733	-	-
Grave openings and closings	-	-	6,700	10,050	-	-	-	-	-	-
Cornerstone sales	-	-	200	900	-	-	-	-	-	-
Investment income	1,690	88	250	72	60	38	900	332	500	41
Total revenues	<u>277,540</u>	<u>269,743</u>	<u>7,150</u>	<u>11,022</u>	<u>610</u>	<u>1,088</u>	<u>58,400</u>	<u>58,065</u>	<u>62,500</u>	<u>64,661</u>
<b>EXPENDITURES</b>										
Street maintenance and improvements	247,277	242,590	-	-	-	-	-	-	-	-
Yard waste supplies and services	-	-	-	-	-	-	36,000	33,916	-	-
Professional services	19,480	19,190	-	-	-	-	-	-	-	-
Office expenses and refunds	-	-	-	-	-	-	1,000	535	-	-
Building and grounds maintenance	-	-	10,000	9,200	810	736	-	-	-	-
Equipment	-	-	-	-	-	-	23,000	20,141	132,025	95,000
Total expenditures	<u>266,757</u>	<u>261,780</u>	<u>10,000</u>	<u>9,200</u>	<u>810</u>	<u>736</u>	<u>60,000</u>	<u>54,592</u>	<u>132,025</u>	<u>95,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>10,783</u>	<u>7,963</u>	<u>(2,850)</u>	<u>1,822</u>	<u>(200)</u>	<u>352</u>	<u>(1,600)</u>	<u>3,473</u>	<u>(69,525)</u>	<u>(30,339)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Capital leases issued	-	-	-	-	-	-	-	-	55,000	25,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>25,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 10,783</u>	<u>7,963</u>	<u>\$ (2,850)</u>	<u>1,822</u>	<u>\$ (200)</u>	<u>352</u>	<u>\$ (1,600)</u>	<u>3,473</u>	<u>\$ (14,525)</u>	<u>(5,339)</u>
FUND BALANCE - MAY 1, 2009		<u>59,226</u>		<u>6,294</u>		<u>9,477</u>		<u>80,976</u>		<u>46,544</u>
FUND BALANCE - APRIL 30, 2010		<u>\$ 67,189</u>		<u>\$ 8,116</u>		<u>\$ 9,829</u>		<u>\$ 84,449</u>		<u>\$ 41,205</u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
Debt Service Fund

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

For the Year Ended April 30, 2010

	TIF District	
	Final Budget	Actual
<b>REVENUES</b>		
Investment income	\$ 1,000	\$ 686
Total revenues	1,000	686
<b>EXPENDITURES</b>		
Administration	-	-
Debt service:		
Principal	580,000	565,000
Interest	34,280	32,934
Total expenditures	614,280	597,934
(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(613,280)	(597,248)
<b>OTHER FINANCING SOURCES</b>		
Transfer in	614,280	471,883
Total other financing sources	614,280	471,883
NET CHANGE IN FUND BALANCE	\$ 1,000	(125,365)
FUND BALANCE - MAY 1, 2009		189,580
FUND BALANCE - APRIL 30, 2010		\$ 64,215

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
Capital Projects Fund

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

For the Year Ended April 30, 2010

	Capital Projects	
	Final Budget	Actual
<b>REVENUES</b>		
Fees and service charges	\$ -	\$ 6,173
State grants	520,000	55,388
Investment income	750	58
Total revenues	520,750	61,619
<b>EXPENDITURES</b>		
Construction	520,000	83,753
Total expenditures	520,000	83,753
<b>(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>		
	750	(22,134)
<b>OTHER FINANCING SOURCES</b>		
Transfer in	96,000	48,000
Total other financing sources	96,000	48,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 96,750</b>	25,866
<b>FUND BALANCE - MAY 1, 2009</b>		54,293
<b>FUND BALANCE - APRIL 30, 2010</b>		<b>\$ 80,159</b>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
 Permanent Fund

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

For the Year Ended April 30, 2010

	<u>Cemetery Trust</u>	
	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>		
Fees and service charges	\$ 9,200	\$ 15,724
Investment income	4,000	150
Total revenues	<u>13,200</u>	<u>15,874</u>
<b>EXPENDITURES</b>		
Office expense	<u>300</u>	<u>300</u>
Total expenditures	<u>300</u>	<u>300</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,900</u>	15,574
FUND BALANCE - MAY 1, 2009		<u>268,052</u>
FUND BALANCE - APRIL 30, 2010		<u>\$ 283,626</u>

See accompanying Independent Auditor's Report.

SUPPLEMENTAL FINANCIAL INFORMATION

VILLAGE OF CHATHAM, ILLINOIS  
Electric Fund

COMPARATIVE STATEMENT OF NET ASSETS

April 30, 2010 and 2009

	2010	2009
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 71,274	\$ 70,943
Restricted accounts - cash	159,100	684,323
Investments	-	61,562
Accounts receivable	688,358	517,778
Due from other funds	143,938	16,896
Due from other government	7,527	-
Inventory	578,143	629,645
Total current assets	1,648,340	1,981,147
Capital Assets:		
Capital assets, not being depreciated	279,734	5,440,693
Property and equipment	16,769,547	10,848,898
Less: accumulated depreciation	(5,020,416)	(4,668,621)
Capital assets, net	12,028,865	11,620,970
Total assets	13,677,205	13,602,117
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	30,973	451,571
Unearned revenue	11,660	8,657
Accrued payroll	26,884	23,118
Accrued compensated absences payable	72,539	72,516
Due to other funds	14,477	14,325
Customer deposits	29,770	27,270
Accrued interest payable	94,859	94,103
Other payables	21,328	20,055
Lot rebates	-	45,000
Current maturities of long term debt:		
Line of credit	350,000	-
G.O. bonds (Alternate Revenue Source) payable	180,000	120,000
Debt certificates	52,418	102,276
Total current liabilities	884,908	978,891
Long-Term Liabilities:		
Net OPEB obligation	12,845	-
G.O. bonds (Alternate Revenue Source) payable	4,375,000	4,555,000
Debt certificates	200,000	43,740
Total long-term liabilities	4,587,845	4,598,740
Total liabilities	5,472,753	5,577,631
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,871,447	6,799,954
Restricted for capital projects	-	371,181
Restricted for debt service	159,100	159,239
Unrestricted	1,173,905	694,112
Total net assets	\$ 8,204,452	\$ 8,024,486

See accompanying Independent Auditor's Report.



VILLAGE OF CHATHAM, ILLINOIS  
Electric Fund

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS

For the Years Ended April 30, 2010 and 2009

	2010	2009
<b>REVENUES</b>		
User charges	\$ 7,069,983	\$ 6,394,234
Other income	78,992	149,348
Total revenues	7,148,975	6,543,582
<b>EXPENSES</b>		
Electricity purchases	4,745,341	4,502,949
Bad debt expense	34,427	31,716
Distribution and customer service	1,811,703	1,695,462
Depreciation	351,795	341,743
Total expenses	6,943,266	6,571,870
<b>OPERATING INCOME (LOSS)</b>	<b>205,709</b>	<b>(28,288)</b>
<b>NONOPERATING INCOME (EXPENSE)</b>		
Investment income	2,383	42,914
FEMA grant	7,026	560
Interest expense	(35,152)	(66,300)
Total nonoperating (expense)	(25,743)	(22,826)
<b>CHANGE IN NET ASSETS BEFORE OTHER FINANCING SOURCES</b>	<b>179,966</b>	<b>(51,114)</b>
<b>OTHER FINANCING SOURCES</b>		
Transfer in	-	1,246
<b>CHANGE IN NET ASSETS</b>	<b>179,966</b>	<b>(49,868)</b>
<b>NET ASSETS - BEGINNING</b>	<b>8,024,486</b>	<b>8,074,354</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 8,204,452</b>	<b>\$ 8,024,486</b>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
TIF District

COMPARATIVE BALANCE SHEET

April 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents - restricted	\$ 186,057	\$ 1,030,434
Taxes receivable	<u>473,840</u>	<u>463,078</u>
Total current assets	<u>659,897</u>	<u>1,493,512</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 659,897</u></u>	<u><u>\$ 1,493,512</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 14,914	\$ -
Deferred revenue	<u>473,840</u>	<u>463,078</u>
Total current liabilities	<u>488,754</u>	<u>463,078</u>
Total liabilities	<u>488,754</u>	<u>463,078</u>
<b>FUND BALANCES</b>		
Reserved for economic development	<u>171,143</u>	<u>1,030,434</u>
Total fund balances	<u>171,143</u>	<u>1,030,434</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 659,897</u></u>	<u><u>\$ 1,493,512</u></u>

See accompanying Independent Auditor's report.

VILLAGE OF CHATHAM, ILLINOIS  
TIF District

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

For the Years Ended April 30, 2010 and 2009

	2010	2009
REVENUES		
Property taxes	\$ 463,117	\$ 441,552
Investment income	4,926	17,491
Total revenues	468,043	459,043
EXPENDITURES		
Current operations:		
General government	22,220	9,051
Economic development	1,523,231	47,945
Total expenditures	1,545,451	56,996
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(1,077,408)	402,047
OTHER FINANCING SOURCES (USES)		
Transfer out	(471,883)	(113,208)
Bond proceeds	690,000	-
Total other financing sources (uses)	218,117	(113,208)
NET CHANGE IN FUND BALANCE	(859,291)	288,839
FUND BALANCE - BEGINNING	1,030,434	741,595
FUND BALANCE - ENDING	\$ 171,143	\$ 1,030,434

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
GOVERNMENTAL ACTIVITIES

April 30, 2010

	Tax Increment Financing General Obligation (Alternative Revenue Source) Bonds, Series 2009		General Obligation Bonds Series, 2001		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
	2010-2011	\$ 110,000	\$ 14,763	\$ 27,000	
2011-2012	110,000	13,113	28,000	9,650	160,763
2012-2013	110,000	11,023	30,000	8,250	159,273
2013-2014	115,000	8,459	31,000	6,750	161,209
2014-2015	120,000	5,400	33,000	5,200	163,600
2015-2016	125,000	1,875	35,000	3,550	165,425
2016-2017	-	-	36,000	1,800	37,800
	<u>\$ 690,000</u>	<u>\$ 54,633</u>	<u>\$ 220,000</u>	<u>\$ 46,011</u>	<u>\$ 1,010,644</u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF DEBT SERVICE REQUIREMENTS  
 BUSINESS-TYPE ACTIVITIES  
 April 30, 2010

	Waterworks and Sewerage Fund Debt Certificates of 2010		Electric Fund Debt Certificates of 2007		Electric Fund Debt Certificates of 2010		Electric General Obligation (Alternative Revenue Source) Bonds, Series 2006		Electric General Obligation (Alternative Revenue Source) Bonds, Series 2008		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2010-2011	\$ 2,715,000	\$ 29,265	\$ 52,418	\$ 433	\$ -	\$ 5,625	\$ 125,000	\$ 120,340	\$ 55,000	\$ 65,628	\$ 3,168,709
2011-2012	-	-	-	-	35,000	6,844	130,000	115,727	55,000	64,115	406,686
2012-2013	-	-	-	-	40,000	5,438	140,000	110,930	60,000	62,410	418,778
2013-2014	-	-	-	-	40,000	3,938	145,000	105,694	60,000	60,370	415,002
2014-2015	-	-	-	-	40,000	2,438	150,000	100,271	60,000	58,150	410,859
2015-2016	-	-	-	-	45,000	844	155,000	94,661	65,000	55,810	416,315
2016-2017	-	-	-	-	-	-	160,000	88,787	65,000	53,145	366,932
2017-2018	-	-	-	-	-	-	170,000	82,723	70,000	50,448	373,171
2018-2019	-	-	-	-	-	-	175,000	76,195	75,000	47,473	373,668
2019-2020	-	-	-	-	-	-	185,000	69,475	75,000	44,248	373,723
2020-2021	-	-	-	-	-	-	190,000	62,371	80,000	40,984	373,355
2021-2022	-	-	-	-	-	-	200,000	54,790	80,000	37,465	372,255
2022-2023	-	-	-	-	-	-	210,000	46,810	85,000	33,785	375,595
2023-2024	-	-	-	-	-	-	215,000	38,221	90,000	29,832	373,053
2024-2025	-	-	-	-	-	-	225,000	29,427	95,000	25,602	375,029
2025-2026	-	-	-	-	-	-	235,000	20,112	100,000	21,090	376,202
2026-2027	-	-	-	-	-	-	245,000	10,266	105,000	16,290	376,556
2027-2028	-	-	-	-	-	-	-	-	110,000	11,250	121,250
2028-2029	-	-	-	-	-	-	-	-	115,000	5,750	120,750
	<u>\$ 2,715,000</u>	<u>\$ 29,265</u>	<u>\$ 52,418</u>	<u>\$ 433</u>	<u>\$ 200,000</u>	<u>\$ 25,127</u>	<u>\$ 3,055,000</u>	<u>\$ 1,226,800</u>	<u>\$ 1,500,000</u>	<u>\$ 783,845</u>	<u>\$ 9,587,888</u>

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF INVESTMENTS

April 30, 2010

	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
<b>Police Pension Fund</b>				
Nationwide Life Insurance Co.:				
ADV Small Cap Growth	\$ 12,216	\$ 13,893		
MFS VIT Value Series	21,719	22,995		
GVIT Small Cap Value I	22,558	19,982		
Jan Intl Growth	8,600	4,381		
Jan Global Technology	9,502	10,387		
Opp Capital Apprec	28,869	26,850		
Van Eck WW Emg Markets	14,102	10,420		
Van Eck VIP Global	8,145	8,518		
FID VP Midcap	16,289	17,971		
JPM MidCap Val	8,000	11,995		
United Community Bank:				
Certificate of Deposit	119,018	119,018	2.90%	9/29/2014
Certificate of Deposit	122,255	122,255	3.50%	9/25/2010
Certificate of Deposit	103,649	103,649	3.60%	2/24/2013
Bank of Springfield:				
Certificate of Deposit	60,000	60,000	2.44%	10/17/2012
Certificate of Deposit	89,385	89,385	3.11%	8/28/2014
Certificate of Deposit	102,695	102,695	2.44%	12/30/2012
First Bank:				
Certificate of Deposit	100,000	100,000	2.60%	12/4/2012
Certificate of Deposit	98,210	98,210	5.00%	10/27/2010
Marine Bank:				
Certificate of Deposit	101,293	101,293	2.48%	9/18/2013
Certificate of Deposit	90,491	90,491	4.21%	8/1/2010
Certificate of Deposit	233,196	233,196	5.18%	1/31/2012
Certificate of Deposit	131,799	131,799	5.18%	5/30/2010
Hickory Point Bank:				
Certificate of Deposit	100,000	100,000	5.00%	11/5/2012
Bank & Trust:				
Certificate of Deposit	284,921	284,921	5.25%	8/27/2011
Certificate of Deposit	100,000	100,000	3.46%	11/1/2010
Certificate of Deposit	116,477	116,477	3.46%	10/31/2010
Illinois National Bank:				
Certificate of Deposit	82,698	82,698	5.00%	8/25/2010
Certificate of Deposit	100,000	100,000	4.85%	10/29/2010
Certificate of Deposit	232,019	232,019	5.07%	3/2/2011
Certificate of Deposit	118,582	118,582	2.05%	6/3/2010
Certificate of Deposit	115,943	115,943	5.05%	5/4/2011
Certificate of Deposit	102,650	102,650	2.05%	6/20/2010
Illini Bank:				
Certificate of Deposit	176,163	176,163	2.00%	6/4/2011
National City Bank:				
Certificate of Deposit	100,000	100,000	4.88%	7/28/2012
US Bank:				
Certificate of Deposit	100,000	100,000	4.40%	9/24/2013
Williamsville State Bank:				
Certificate of Deposit	150,000	150,000	3.21%	8/31/2014
Certificate of Deposit	100,000	100,000	3.94%	10/27/2012
Total Fiduciary Funds	<u>\$ 3,481,444</u>	<u>\$ 3,478,836</u>		
<b>Cemetery Trust Fund</b>				
Illinois National Bank:				
Certificate of Deposit	\$ 200,000	\$ 200,000	1.75%	8/31/2010
Merrill Lynch:				
Money Market Account	39,130	39,130	0.00%	
Total Governmental Funds	<u>\$ 239,130</u>	<u>\$ 239,130</u>		

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM  
SCHEDULE OF INSURANCE COVERAGE  
April 30, 2010

Type of Coverage and Name of Company	Policy Number	Policy Period		Details of Coverage	Liability Limits	Annual Premium
		From	To			
General Liability Illinois Municipal League Risk Management Association	0687C0105	12/31/2009	12/31/2010	Bodily Injury and Property Damage	General, Products/ Completed Operations, Advertising Injury, and Personal Injury - \$8,000,000 per occurrence  Fire Damage - \$8,000,000 per occurrence  Liquor Liability - \$1,000,000 per occurrence	\$ 135,619
Commercial General Liability Illinois Municipal League Risk Management Association	0687C0105	12/31/2009	12/31/2010	Commercial Liability	\$8,000,000 per occurrence	
Automobile Liability Illinois Municipal League Risk Management Association	0687C0105	12/31/2009	12/31/2010	Automobile Liability	\$8,000,000 per occurrence	
Worker's Compensation Illinois Municipal League Risk Management Association	0687C0105	12/31/2009	12/31/2010	Workers Compensation Employers Liability	\$3,000,000 per occurrence	
Property/Inland Marine/Auto Coverage Physical Damage Illinois Municipal League Risk Management Association	0687C0105	12/31/2009	12/31/2010	Property Liability	\$250,000,000 per occurrence	
Reinsurance Illinois Municipal League Risk Management Association	0687C0105	12/31/2009	12/31/2010	Reinsurance	\$250,000,000 per occurrence	
Boiler & Machinery Cincinnati Insurance	BE2647869	12/31/2009	12/31/2010	Boiler & Machinery	\$1,000,000	\$ 5,472

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF ELECTRIC RATES CHARGED

April 30, 2010

The Electric System served 4,897 customers as of April 30, 2010. The Village provided 66,712,844 kilowatt hours to its customers during fiscal year 2010. The electric rates charged by the Village are as follows:

Standard Residential Service Rates

- (1) Rate: \$0.09825 net per KWH
- Facility Charge \$10.00

Senior Citizen Residential and Village Park Service Rate

- (1) Rate: \$0.08843 net per KWH
- Facility Charge \$10.00

Governmental Service

- (1) Rate: \$0.08843/kwh
- (2) Demand Charge: \$5.423/multiplier/demand unit (demand will be the highest average kilowatt demand measured in any 15 minute period during the month)
- (3) Facility Charge \$21.50

General Service – Commercial Without Demand

- (1) Rate: \$0.1158/kwh
- (2) Facility Charge – Commercial, institutional, and non-residential or for three phase, residential, non-residential, institutional, and commercial use taken through a single meter at the utility standard secondary voltage without Demand metering.
  - a) \$10.00 per month single phase
  - b) \$21.50 per month three phase

General Service – Commercial With Demand

- (1) Rate: \$0.0917/kwh
- (2) Demand Charge: \$5.423/multiplier/demand unit (demand will be the highest average kilowatt demand measured in any 15 minute period during the month)
- (3) Facility Charge – Commercial, institutional, and non-residential or for three phase, residential, non-residential, institutional, and commercial use taken through a single meter at the utility standard secondary voltage without Demand metering.
  - a) \$10.00 per month single phase
  - b) \$21.50 per month three phase



VILLAGE OF CHATHAM, ILLINOIS  
SCHEDULE OF ELECTRIC RATES CHARGED

April 30, 2010

Industrial Service

(1) Rate

- a) \$0.0802/kwh
- b) \$7.222/multiplier/demand unit (demand will be the highest average kilowatt demand measured in any 15 minute period during the month, minimum of 70kw. The Village may determine the actual demand either by permanently installed instruments or by tests

(2) Facility Charge

- a) \$17.20 per month single phase
- b) \$43.00 per month three phase

(3) Security Lighting Rate: \$7.30 per month

ADDITIONAL SCHEDULES



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
STATE OF ILLINOIS PUBLIC ACT 85-1142

Illinois Department of Revenue  
Springfield, Illinois

We have audited the basic financial statements of the Village of Chatham as of and for the year ended April 30, 2010, and have issued our report thereon dated September 24, 2010. The basic financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the eligibility for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the TIF District pursuant to Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our audit was performed 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Village of Chatham's management is responsible for the government's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the Village's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our test indicate that for the items tested, the Village of Chatham complied with Subsection (q) of Section 11-74.4-3 of public Act 85-1142.

*Sikich LLP*

Springfield, Illinois  
September 24, 2010

VILLAGE OF CHATHAM, ILLINOIS

SCHEDULE OF ASSESSED VALUATIONS, RATES  
EXTENSIONS AND COLLECTIONS

Tax Years 2009, 2008, and 2007

	<u>2009</u>	<u>2008</u>	<u>2007</u>
ASSESSED VALUATION	<u>\$ 190,969,341</u>	<u>\$ 180,673,810</u>	<u>\$ 170,771,919</u>
TAX RATES			
General	0.2190	0.2370	0.2397
Police Pension	0.1480	0.1351	0.1217
I.M.R.F.	0.0450	0.0412	0.0373
Police Protection	<u>0.0474</u>	<u>0.0534</u>	<u>0.0545</u>
	<u>0.4594</u>	<u>0.4667</u>	<u>0.4532</u>
EXTENSIONS			
General	\$ 418,223	\$ 428,197	\$ 409,340
Police Pension	282,635	244,090	207,829
I.M.R.F.	85,936	74,438	63,698
Police Protection	<u>90,519</u>	<u>96,480</u>	<u>93,071</u>
	<u>\$ 877,313</u>	<u>\$ 843,205</u>	<u>\$ 773,938</u>
COLLECTIONS			
General (includes I.M.R.F. and Police Protection)		\$ 600,289	\$ 564,146
Police Pension		<u>244,569</u>	<u>207,109</u>
		<u>\$ 844,858</u>	<u>\$ 771,255</u>
Village share of road and bridge taxes		<u>\$ 56,409</u>	<u>\$ 51,197</u>

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

See accompanying Independent Auditor's Report.

VILLAGE OF CHATHAM, ILLINOIS  
 SCHEDULE OF LEGAL DEBT MARGIN

Tax Year 2009

Assessed valuation - 2009 levy		\$ 190,969,341
Statutory debt limitation (8.625% of valuation)		\$ 16,471,106
Total debt:		
General obligation bonds	\$ 220,000	
Electric debt certificates	252,418	
Water and sewer debt certificates	2,715,000	
Electric notes payable	350,000	
Water and sewer notes payable	1,041,223	
Tax increment financing general obligation (alternative revenue source) bonds	690,000	
Electric general obligation (alternative revenue source) bonds	<u>4,555,000</u>	
	9,823,641	
Less debt paid from other sources	<u>(9,603,641)</u>	<u>(220,000)</u>
<b>LEGAL DEBT MARGIN</b>		<b><u>\$ 16,251,106</u></b>

See accompanying Independent Auditor's Report.