



Phillips, Salmi & Associates, LLC
Certified Public Accountants

CITY OF CANTON, ILLINOIS
ANNUAL FINANCIAL REPORT
For the year ended April 30, 2011

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Phillips, Salmi & Associates, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the City Council
City of Canton, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canton, Illinois, as of and for the year ended April 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

As discussed in Note 1, except for the Pension Trust Funds financial statements, the City of Canton, Illinois, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The City of Canton, Illinois, prepares its Pension Trust Funds financial statements on the accrual basis of accounting, which is the basis of accounting generally accepted in the United States of America.

In our opinion, except for the Pension Trust Funds, 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 City of Canton, Illinois as of April 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1. In our opinion, the Pension Trust Funds financial statements present fairly, in all material respects, the assets, liabilities, and net assets of the City of Canton, Illinois' Pension Trust Funds as of April 30, 2011, and the respective changes in net assets, thereof, for the year ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 10, 2011, on our consideration of the City of Canton's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and schedules of pension funding progress on pages 46-52 be presented to supplement the basic financial statements. The City of Canton, Illinois has elected not to present the management's discussion and analysis. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the City of Canton, Illinois' basic financial statements. The other supplementary information, as listed in the accompanying table of contents, is presented for additional analysis and is not a required part of the basic financial statements. Such information, on pages 53-65, 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.

Phillips, Salmi & Associates, LLC

October 10, 2011

CITY OF CANTON, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
April 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,042,087	\$ 922,837	\$ 2,964,924
Investments	2,078,717	-	2,078,717
Restricted assets	-	6,958,111	6,958,111
Due from other governments	12,425	-	12,425
Due from contractor	1,112	-	1,112
Internal Balances	346,606	(346,606)	-
Economic development loans receivable	32,857	-	32,857
Capital Assets:			
Non-depreciable	478,431	19,099,580	19,578,011
Depreciable, net	5,973,464	15,611,281	21,584,745
 Total Assets	 <u>\$ 10,965,699</u>	 <u>\$ 42,245,203</u>	 <u>\$ 53,210,902</u>
<u>LIABILITIES</u>			
Payroll liabilities payable	\$ 4,580	\$ 903	\$ 5,483
Current portion of bonds and loans payable	4,040,000	1,396,156	5,436,156
Non-Current Liabilities:			
Bonds payable after one year	-	19,905,000	19,905,000
Unamortized premium on bonds payable	-	50,006	50,006
Loans due after one year	80,000	1,880,524	1,960,524
 Total Liabilities	 <u>4,124,580</u>	 <u>23,232,589</u>	 <u>27,357,169</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	-	17,267,819	17,267,819
Restricted for:			
System improvements	-	5,504,924	5,504,924
Debt service	-	585,668	585,668
Operations and maintenance	-	283,720	283,720
Repair and replacement	-	178,522	178,522
Garbage services	165,467	-	165,467
Tourism promotion	28,863	-	28,863
PRISM project	23,775	-	23,775
Fire technical rescue fund expenditures	11,798	-	11,798
Environmental remediation	49,657	-	49,657
Enabling legislation	1,401,984	-	1,401,984
Workers compensation insurance	-	405,277	405,277
Unrestricted (deficit)	5,159,575	(5,213,316)	(53,741)
 Total Net Assets	 <u>6,841,119</u>	 <u>19,012,614</u>	 <u>25,853,733</u>
	 <u>\$ 10,965,699</u>	 <u>\$ 42,245,203</u>	 <u>\$ 53,210,902</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities				
General government	\$ 1,955,259	\$ 64,678	\$ 3,214	\$ -
Public safety	4,625,404	45,189	13,994	1,462
Public works	726,907	139,779	-	-
Community development	866,681	-	2,562	1,982,626
Buildings and grounds	141,097	-	-	-
Sanitation	591,631	498,900	-	-
Interest on long-term debt	121,668	-	-	-
Total governmental activities	9,028,647	748,546	19,770	1,984,088
Business-type activities:				
Water and sewer utilities	5,333,460	5,697,421	-	-
Cemetery operations	127,832	55,050	-	-
Total business-type activities	5,461,292	5,752,471	-	-
Total primary government	\$ 14,489,939	\$ 6,501,017	\$ 19,770	\$ 1,984,088
General Revenues				
Local taxes				
Intergovernmental				
Interest and investment income				
Miscellaneous				
Gain on disposal of fixed assets				
Transfers in (out)				
Total general revenues, special items and transfers				
Change in net assets				
Net assets - beginning (As restated)				
Net assets - ending				

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes
in Net Assets - Primary Government**

Governmental Activities	Business-type Activities	Total
\$ (1,887,367)	\$ -	\$ (1,887,367)
(4,564,759)	-	(4,564,759)
(587,128)	-	(587,128)
1,118,507	-	1,118,507
(141,097)	-	(141,097)
(92,731)	-	(92,731)
(121,668)	-	(121,668)
<u>(6,276,243)</u>	<u>-</u>	<u>(6,276,243)</u>
-	363,961	363,961
-	(72,782)	(72,782)
<u>-</u>	<u>291,179</u>	<u>291,179</u>
(6,276,243)	291,179	(5,985,064)
3,325,486	-	3,325,486
4,690,323	-	4,690,323
44,747	141,817	186,564
241,858	-	241,858
40,000	-	40,000
(226,212)	226,212	-
<u>8,116,202</u>	<u>368,029</u>	<u>8,484,231</u>
1,839,959	659,208	2,499,167
<u>5,001,160</u>	<u>18,353,406</u>	<u>23,354,566</u>
<u>\$ 6,841,119</u>	<u>\$ 19,012,614</u>	<u>\$ 25,853,733</u>

CITY OF CANTON, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY
MODIFIED CASH BASIS - GOVERNMENTAL FUND TYPES
April 30, 2011

	General	IH Site Tax Increment Financing District	3rd Avenue Grants
<u>ASSETS</u>			
Cash and cash equivalents	\$ 546,810	\$ 211,468	\$ 46,023
Investments	2,078,717	-	-
D.C.C.A. loans receivable	-	-	-
Due from contractor	-	1,112	-
Due from other governments	12,425	-	-
Due from other funds	491,316	403,610	-
	\$3,129,268	\$ 616,190	\$ 46,023
 LIABILITIES AND FUND EQUITY			
Current liabilities:			
Due to other funds	\$ 587,297	\$ 95,444	\$ 401,221
Payroll taxes withheld	3,938	-	-
	591,235	95,444	401,221
 Fund equity:			
Fund balances:			
Reserved for garbage expenditures	165,467	-	-
Reserved for tourism promotion expenditure	28,863	-	-
Reserved for police expenditures	23,775	-	-
Reserved for fire technical rescue fund expenditures	11,798	-	-
Reserved for workers compensation insurance	49,657	-	-
Unreserved:			
Reported in:			
General Fund:			
Undesignated	2,258,473	-	-
Special revenue funds, undesignated	-	520,746	-
Capital project funds, undesignated	-	-	(355,198)
	2,538,033	520,746	(355,198)
Total fund balances	2,538,033	520,746	(355,198)
Total liabilities & fund balances	\$3,129,268	\$ 616,190	\$ 46,023

See Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,237,786	\$ 2,042,087
-	2,078,717
32,857	32,857
-	1,112
-	12,425
590,958	1,485,884
\$ 1,861,601	\$ 5,653,082
\$ 55,316	\$ 1,139,278
642	4,580
55,958	1,143,858
-	165,467
-	28,863
-	23,775
-	11,798
-	49,657
-	2,258,473
1,511,590	2,032,336
294,053	(61,145)
1,805,643	4,509,224
\$ 1,861,601	\$ 5,653,082

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,
AND FUND EQUITY - MODIFIED CASH BASIS - GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
April 30, 2011

Total fund balance - total governmental funds	
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	\$ 4,509,224
Capital assets of \$10,187,323 net of accumulated depreciation of \$3,735,428 are not financial resources and, therefore, are not reported in the funds.	6,451,895
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	<u>(4,120,000)</u>
Net assets of governmental activities	<u><u>\$ 6,841,119</u></u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURE, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
Year ended April 30, 2011

	<u>General</u>	<u>IH Site Tax Increment Financing District</u>	<u>3rd Avenue Grants</u>
<u>REVENUES RECEIVED</u>			
Local taxes	\$ 2,459,652	\$ 192,273	\$ -
Intergovernmental	4,245,687	31,250	1,471,125
Licenses and permits	64,978	-	-
Fines	78,172	-	-
Charges for services	543,789	-	-
Interest	35,238	3,510	-
Franchise fees	139,779	-	-
Other	151,210	-	-
	<u>7,718,505</u>	<u>227,033</u>	<u>1,471,125</u>
<u>EXPENDITURES DISBURSED</u>			
General government	1,320,672	-	-
Buildings and grounds	139,636	-	-
Public safety	4,463,302	-	-
Public works/transportation	620,765	-	-
Sanitation	556,254	-	-
Community development	-	346,410	-
Capital outlay	145,144	805,140	1,470,068
Debt service:			-
Principal	40,000	-	-
Interest	1,668	120,000	-
	<u>7,287,441</u>	<u>1,271,550</u>	<u>1,470,068</u>
Revenues received over (under) expenditures disbursed before other financing sources (uses)	431,064	(1,044,517)	1,057
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	248,942	357,760	-
Operating transfers (out)	(53,520)	(421,634)	(357,760)
	<u>195,422</u>	<u>(63,874)</u>	<u>(357,760)</u>
Change in fund balance	626,486	(1,108,391)	(356,703)
FUND BALANCE, beginning	<u>1,911,547</u>	<u>1,629,137</u>	<u>1,505</u>
FUND BALANCE, ending	<u>\$ 2,538,033</u>	<u>\$ 520,746</u>	<u>\$ (355,198)</u>

See Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 673,561	\$ 3,325,486
924,887	6,672,949
-	64,978
7,058	85,230
-	543,789
5,999	44,747
-	139,779
66,650	217,860
1,678,155	11,094,818
571,823	1,892,495
-	139,636
18,965	4,482,267
17,046	637,811
-	556,254
504,804	851,214
375,842	2,796,194
-	40,000
-	121,668
1,488,480	11,517,539
189,675	(422,721)
-	606,702
-	(832,914)
-	(226,212)
189,675	(648,933)
1,615,968	5,158,157
\$ 1,805,643	\$ 4,509,224

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
April 30, 2011

Net change in fund balances - total governmental funds	\$	(648,933)
Amounts reported for <i>governmental activities</i> 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 lives and reported as depreciation expense. This is the amount by which capital outlay of \$2,796,194 exceeded depreciation of \$347,302 in the current period.		
		2,448,892
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt proceeds of \$- exceeded repayments of \$40,000.		
		40,000
Change in net assets of governmental activities	\$	1,839,959

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS -
PROPRIETARY FUNDS
April 30, 2011

<u>ASSETS</u>	<u>Water & Sewer</u>	<u>Cemetery</u>	<u>Total</u>
Unrestricted current assets:			
Cash and cash equivalents	\$ 864,465	\$ 58,372	\$ 922,837
Restricted current assets:			
Cash and cash equivalents	5,428,021	210,277	5,638,298
Investments	1,124,813	195,000	1,319,813
Total restricted current assets	<u>6,552,834</u>	<u>405,277</u>	<u>6,958,111</u>
Total current assets	7,417,299	463,649	7,880,948
Capital assets, net of accumulated depreciation	<u>34,653,842</u>	<u>57,019</u>	<u>34,710,861</u>
Total assets	<u>\$ 42,071,141</u>	<u>\$ 520,668</u>	<u>\$ 42,591,809</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Current liabilities (payable from current assets):			
Payroll taxes payable	\$ -	\$ 903	\$ 903
Due to other funds	346,358	248	346,606
Current portion of long-term liabilities	1,396,156	-	1,396,156
Total	<u>1,742,514</u>	<u>1,151</u>	<u>1,743,665</u>
Long-term liabilities:			
Illinois EPA loan payable	1,880,524	-	1,880,524
Revenue bonds payable	19,905,000	-	19,905,000
Unamortized premium on bonds payable	50,006	-	50,006
Total long-term liabilities, net of current portion	<u>21,835,530</u>	<u>-</u>	<u>21,835,530</u>
Total liabilities	23,578,044	1,151	23,579,195
Fund equity:			
Net assets:			
Invested in capital assets net of related debt	17,210,800	57,019	17,267,819
Restricted for:			
System improvements	5,504,924	-	5,504,924
Debt Service	585,668	-	585,668
Operation and maintenance	283,720	-	283,720
Repair and replacement	178,522	-	178,522
Perpetual care and maintenance	-	405,277	405,277
Unrestricted	<u>(5,270,537)</u>	<u>57,221</u>	<u>(5,213,316)</u>
Total fund equity	<u>18,493,097</u>	<u>519,517</u>	<u>19,012,614</u>
Total liabilities and fund equity	<u>\$ 42,071,141</u>	<u>\$ 520,668</u>	<u>\$ 42,591,809</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year ended April 30, 2011

	<u>Water & Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
<u>OPERATING REVENUES</u>			
Charges for service and sales	\$ 5,636,063	\$ 55,050	\$ 5,691,113
Other income	61,358	-	61,358
 Total operating revenues	<u>5,697,421</u>	<u>55,050</u>	<u>5,752,471</u>
<u>OPERATING EXPENSES</u>			
Operations and maintenance	3,338,030	117,401	3,455,431
Depreciation	848,268	10,431	858,699
 Total operating expenses	<u>4,186,298</u>	<u>127,832</u>	<u>4,314,130</u>
 Operating income (loss)	<u>1,511,123</u>	<u>(72,782)</u>	<u>1,438,341</u>
<u>NONOPERATING REVENUE & EXPENSES</u>			
Interest income	135,166	6,651	141,817
Interest expense	<u>(1,147,162)</u>	<u>-</u>	<u>(1,147,162)</u>
	(1,011,996)	6,651	(1,005,345)
 Net income (loss) before transfers	499,127	(66,131)	432,996
<u>OTHER FINANCING SOURCES</u>			
Operating transfers in	<u>172,692</u>	<u>53,520</u>	<u>226,212</u>
 Change in net assets	671,819	(12,611)	659,208
 NET ASSETS, beginning	<u>17,821,278</u>	<u>532,128</u>	<u>18,353,406</u>
 NET ASSETS, ending	<u><u>\$ 18,493,097</u></u>	<u><u>\$ 519,517</u></u>	<u><u>\$ 19,012,614</u></u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year ended April 30, 2011

	<u>Water & Sewer</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
<u>Cash flows from operating activities:</u>			
Cash received from customers	\$ 5,697,421	\$ 55,050	\$ 5,752,471
Cash payments to suppliers for goods & services	(1,930,490)	(33,839)	(1,964,329)
Cash payments to employees for services	(1,407,540)	(83,504)	(1,491,044)
Net cash provided by (applied to) operating activities	<u>2,359,391</u>	<u>(62,293)</u>	<u>2,297,098</u>
<u>Cash flows from noncapital financing activities:</u>			
Operating transfers in	172,692	53,520	226,212
Repayment of loans from other funds	(97,279)	-	(97,279)
Net cash provided by noncapital financing activities	<u>75,413</u>	<u>53,520</u>	<u>128,933</u>
<u>Cash flows from capital and related financing activities:</u>			
Principal paid on IL EPA loan	(146,859)	-	(146,859)
Principal paid on Alt. Rev. Source bonds	(1,180,000)	-	(1,180,000)
Interest paid	(1,147,162)	-	(1,147,162)
Property and equipment purchases	(4,663,547)	(6,225)	(4,669,772)
Net cash applied to capital and related financing activities	<u>(7,137,568)</u>	<u>(6,225)</u>	<u>(7,143,793)</u>
<u>Cash flows from investing activities:</u>			
Interest income received	131,270	6,651	137,921
Redemption of investments	5,297,924	50,000	5,347,924
Net cash provided by investing activities	<u>5,429,194</u>	<u>56,651</u>	<u>5,485,845</u>
Net increase in cash and cash equivalents	726,430	41,653	768,083
Cash and cash equivalents - beginning of year	<u>5,566,056</u>	<u>226,748</u>	<u>5,792,804</u>
Cash and cash equivalents - end of year	<u>\$ 6,292,486</u>	<u>\$ 268,401</u>	<u>\$ 6,560,887</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year ended April 30, 2011

	Water & Sewer Fund	Cemetery Fund	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,511,123	\$ (72,782)	\$ 1,438,341
Adjustments to reconcile operating income (loss) to net cash provided (applied to) operating activities:			
Depreciation	848,268	10,431	858,699
Change in assets and liabilities:			
Increase in other liabilities	-	58	58
	-	58	58
Net cash provided (applied to) operating activities	\$ 2,359,391	\$ (62,293)	\$ 2,297,098

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
April 30, 2011

	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Funds</u>	<u>Total Pension Trust Funds</u>	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ 490,820	\$ 422,728	\$ 913,548	\$ 14,701
Receivables				
Employer	283,284	483,810	767,094	-
Interest and other	62,822	24,300	87,122	-
Total receivables	346,106	508,110	854,216	-
Investments, at fair value	12,477,611	5,397,343	17,874,954	-
Total assets	<u>\$ 13,314,537</u>	<u>\$ 6,328,181</u>	<u>\$ 19,642,718</u>	<u>\$ 14,701</u>

**NET ASSETS HELD IN TRUST FOR PENSION
BENEFITS AND OTHER PURPOSES**

(A Schedule of funding progress for
each pension plan is presented
on page 48)

<u>\$ 13,314,537</u>	<u>\$ 6,328,181</u>	<u>\$ 19,642,718</u>	<u>\$ 14,701</u>
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See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year ended April 30, 2011

	Police Pension Trust Fund	Fire Pension Trust Fund	Total Pension Trust Funds	Private Purpose Trust Fund
<u>ADDITIONS</u>				
Contributions				
Employer	\$ 313,027	\$ 539,185	\$ 852,212	\$ -
Plan member	122,707	90,990	213,697	-
Total contributions	<u>435,734</u>	<u>630,175</u>	<u>1,065,909</u>	<u>-</u>
Investment income				
Net appreciation in fair value of investments	911,340	309,077	1,220,417	-
Interest income	247,223	106,744	353,967	17
Dividend income	89,100	52,892	141,992	-
	<u>1,247,663</u>	<u>468,713</u>	<u>1,716,376</u>	<u>17</u>
Total additions	<u>1,683,397</u>	<u>1,098,888</u>	<u>2,782,285</u>	<u>17</u>
<u>DEDUCTIONS</u>				
Benefits	577,033	691,385	1,268,418	-
Administrative expense	91,541	43,711	135,252	-
Total deductions	<u>668,574</u>	<u>735,096</u>	<u>1,403,670</u>	<u>-</u>
NET INCREASE	1,014,823	363,792	1,378,615	17
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES				
Beginning of year	<u>12,299,714</u>	<u>5,964,389</u>	<u>18,264,103</u>	<u>14,684</u>
End of year	<u>\$ 13,314,537</u>	<u>\$ 6,328,181</u>	<u>\$ 19,642,718</u>	<u>\$ 14,701</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Canton, Illinois is a non home-rule unit and operates under a Mayor-Aldermanic Form of government. The City provides the following services to its citizens: general government, public safety (police and fire), streets, sanitation, cemetery, economic development and water and sewer utilities.

A. FINANCIAL REPORTING ENTITY AND BASIS OF PRESENTATION

1. FINANCIAL REPORTING ENTITY

Financial criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, have been reviewed to determine whether outside agencies with activities, which benefit the citizens of the City, should be included within its financial reporting entity. The criteria include, whether the City exercises significant oversight responsibility on the agencies' selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service, and special financing relationships. It has been determined that no other outside agency meets the above criteria, and therefore, no other agency has been included as component unit in the City's financial statements.

The accounts of the Parlin-Ingersoll Library are excluded from the accompanying financial statements because the City does not fund the Library and the Library's board of trustees controls operations. Although the Mayor appoints the trustees, the City does not exercise any other form of control over library operations, thus the Library has not been included in these statements.

2. BASIS OF PRESENTATION – GOVERNMENT – WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities display information about the City government as a whole. They include all funds of the City except for the fiduciary funds that are reported in separate statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

3. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Major individual governmental and proprietary funds are reported in separate columns with composite columns for other non-major funds. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total of the corresponding total for all governmental and enterprise funds combined.

The funds of the City are described as follows:

Governmental Fund Types:

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund includes the City’s General Fund, Liability Insurance Fund, Unemployment Compensation Fund, Worker’s Compensation Fund, Firework’s Fund, Tourism Fund, Fire Technical Rescue Fund, Volunteer Worker Fund, Big Toot Fund, and Prism Fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds, which are reported as non-major funds with the exception of the IH Site Tax Increment Financing District:

<u>Fund</u>	<u>Brief Description</u>
Working Cash Fund	Accounts for assets legally restricted for providing short-term working cash loans to other funds.
Civil Defense Fund	Accounts for real estate taxes legally restricted for providing Civil Defense activities to the public.

Illinois Municipal Retirement	Accounts for real estate taxes legally restricted for Social Security Fund providing retirement benefits to employees.
Motor Fuel Tax	Accounts for motor fuel taxes legally restricted for street and alley improvements.
Tax Increment Financing District	Accounts for revenues legally restricted for community Fund development projects within designated tax increment district project areas.
IH Site Tax Increment District	Accounts for revenues legally restricted for development projects within the designated former International Harvester Site Tax Increment Financing project area.
Audit Fund	Accounts for real estate taxes legally restricted for obtaining required annual financial statement audit services.
Drug Prevention Fund	Accounts for fine and forfeiture revenues designated for prevention and awareness activities.
DUI Fund	Accounts for the fine revenues designated for capital expenditures.
Gambling Fund	Accounts for proceeds of pull-tab and gaming taxes designated for public safety services.
CDAP Flex Grant Fund	Accounts for the grant revenues received for local business building exterior improvements.
IHDA HOME Grant Fund	Accounts for the grant revenues received for local residential remodeling projects.
DCCA Loan Fund	Accounts for grant revenues legally restricted for making economic development loans to businesses and other organizations.

Capital Projects Funds

Account for the financial resources used for the acquisition or construction of major capital facilities, property development, and environmental assessment and remediation, other than those financed by the enterprise funds. The reporting entity includes the following capital project funds which are reported as non-major funds, with the exception of the 3rd Avenue Grants:

<u>Fund</u>	<u>Brief Description</u>
Illinois Brownfield Grant	Accounts for federal pass-through grant revenue restricted for environmental assessment and remediation projects of the former International Harvester Project Site.
USEPA Brownfield Grant	Accounts for federal grant revenue restricted for environmental assessment and remediation projects at the former International Harvester Project Site.
IT&EC Environmental Remediation Fund	Accounts for settlement proceeds restricted for remediation activities at the former International Harvester Project Site.
3 rd Avenue Grants	Accounts for the 3 rd Avenue grant proceeds and expenditures.

Proprietary Fund Types:

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

<u>Fund</u>	<u>Brief Description</u>
Water Works and Sewer Fund	Accounts for the providing of public water and waste water treatment services as well as lake recreational activities.
Cemetery Fund	Accounts for the activities of operating and maintaining Greenwood Cemetery.

Fiduciary Fund Types:

Trust and Agency Funds

Account for assets held by the City in a trustee capacity of as an agent for individuals, private organizations or other governments. These include the police and fire pension trust funds, and the private purpose trust fund. The Private Purpose trust fund includes the Orendorf Fence and Hildebrand Trust which stipulate that only income from amounts donated can be spent for cemetery maintenance expenditures. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The City does not have an agency fund.

B. MEASUREMENT FOCUS

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements.

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item “C” below. Internal activity (transactions between or within funds) are reclassified and eliminated with the government-wide statements. Reimbursements are reported as a reduction of expenses.

In the fund financial statements, the “current financial resources” measurement focus as applied to the modified cash basis of accounting:

- a. The governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. The Pension Trust Funds financial statements are prepared using economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

C. BASIS OF ACCOUNTING

Basis of accounting is a term to describe “when” transactions are recorded in the financial statements.

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statement, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements, and the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as water deposits, accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

As a result of the use of this modified cash basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements as applicable to modified cash basis reporting. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, as applicable to modified cash basis reporting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

D. CASH AND CASH EQUIVALENTS

Cash from certain City funds is invested in time deposits with an original maturity of three months or more when purchased. These accounts are classified as investments and are recorded at cost.

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents. Certificates of deposits are considered cash equivalents if the original maturity is three months or less.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer, is reported at a \$1 per share value, which equals the City’s fair value in the pool.

E. INVESTMENTS

Investments are comprised of non-negotiable certificates of deposit, money market mutual funds, insurance contracts, and U.S. government obligations and mutual funds, which are owned by the Pension Trust Funds and the Enterprise Fund, are reported at fair value. Fair value is based on published prices on major exchanges as of April 30, 2011.

F. CAPITAL ASSETS

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS – CAPITAL ASSETS

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004, are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful live using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to record all capital assets, except machinery, furniture and equipment for which a \$1,000 threshold is used. The range of the estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements other than building	20 years
Machinery, furniture, and equipment	5-12 years
Utility property and improvements	15-25 years
Infrastructure	40 years

2. FUND FINANCIAL STATEMENTS – CAPITAL ASSETS

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

G. LONG-TERM DEBT

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

H. EQUITY CLASSIFICATION

Equity is classified as net assets in the government-wide statements, and is displayed in three components:

- a. Invest in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Government fund equity is classified as fund balance in the fund financial statements, and proprietary fund equity is classified the same as in the government-wide statements.

I. PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City’s taxpayers are reported as program revenues. The City has the following program revenues, if any, in each activity:

General Government	Fees, permits and hall rentals.
Public Safety	Fines and forfeitures.
Public Works	Charges for maintenance services.
Community Development	Grant funded capital projects.
Sanitation	Garbage service fees.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

J. OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

K. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity, if any, and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid from them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

L. EQUITY RESERVES

Reservations of equity show amounts that are not appropriate for expenditure or are legally restricted for specific uses. The purpose for each is indicated by the account title on the face of the combined statement of assets, liabilities and fund equity and balance sheet.

Reserves in the General Fund relate to a \$165,467 excess of garbage service fees over the garbage disbursements restricted for future garbage department capital expenditures, a \$28,863 excess of hotel/motel taxes received over disbursements restricted for future disbursements to promote local tourism, a \$23,775 reserve for the police expenditures to educate high school students about the hazards of drinking and driving and other police specific funding, a \$11,798 reserve for the fire department technical rescue fund that represents unexpended donations collected for rescue equipment in excess of equipment purchases, and \$49,657 for future workers compensation insurance and claims. The perpetual care and maintenance reserve of \$405,277 relates to monies that are required by local ordinances to be set aside for cemetery repair and maintenance. In addition the following amounts are restricted for enabling legislation: retirement \$49,225; infrastructure \$663,892; tax increment financing districts \$677,009; audit \$11,858.

M. ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues collected, expenditures paid, and other changes in fund equity during the reporting period. Actual results could differ from those estimates.

NOTE 2. TAX LEVIES AND COLLECTIONS

Property taxes attach as an enforceable lien on property as of January 1: The City adopted its 2010 tax levy on December 7, 2010. The City must submit its tax levy to the county clerk on or before the last Tuesday in December. The county clerk extends the amount called for under the respective funds and within the constraints of each fund's maximum tax rate. The county treasurer normally mails property tax bills to the taxpayers during May of the following year.

The bills are due in early June and September by the county treasurer who remits the tax collected in June, July, August, September and November to the City. As of April 30, 2011, the City had received all of its 2009 levy and none of its 2010 levy.

Following is a schedule of tax rates by fund for the 2010 levy per \$100 of equalized assessed valuation:

Fund	Rate	Maximum Allowable Rate
Governmental Fund Types:		
Corporate	.0000	.2500
Fire Protection	.1330	.1500
Police Protection	.0639	.0750
Civil Defense	.0033	.0500
I.M.R.F.	.2704	
Social Security	.1906	
Liability Insurance	.1692	
Audit	.0240	
Workman's Compensation	.2039	
Proprietary Fund:		
Cemetery Fund	.0231	.0250
Fiduciary Fund Type:		
Fire Pension	.4289	
Police Pension	.2511	
	1.7614	

The City also receives road and bridge property taxes. However, these taxes are levied by Canton and Buckheart Townships.

NOTE 3. TAX INCREMENT FINANCING DISTRICTS

The City has two Tax Increment Financing (TIF) districts, numbered 4A and the former IH site TIF. TIF #4A includes land on the western edge of the City limits and immediately south of State Route 9. TIF #4A includes the Illinois River Correctional Center and the Enterprise Park – a total of 318 acres.

The former IH Site TIP District, adopted by the City on July 6, 2004, is located on an approximate 33 acre downtown site on the South side of Spruce Street, West of Fifth Avenue, East of Avenue A, and North of Railroad line.

The IH Site TIF District was established in connection with the redevelopment of the former International Harvester Plant Site. The IH Site TIF is scheduled to terminate December 31, 2027.

TIF district #4A receives the increase in property taxes that arise from an increase in assessed valuation over the base year assessed valuation of \$3,548,526. The IH Site TIF district receives the increase in property taxes that arise from an increase in assessed valuation over the base year assessed valuation of \$15,811,020. The tax monies collected are to be used for renovating declining areas, redeveloping blighted areas while improving the tax base of such areas. TIF district #4A terminated on December 31, 2010.

NOTE 4. CASH AND INVESTMENTS

Investment risks include: credit risk (custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. Deposit risks include: custodial credit risk and foreign currency risk.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposit policy provides that all deposits be guaranteed by the U.S. government, insured by the Federal Deposit Insurance Corporation (FDIC), or fully collateralized with securities held by the City or its agent in the City's name or by its counterparty's trust department or agent in the City's name.

The City's cash and cash equivalents at April 30, 2011 consisted of deposits with financial institutions and the Illinois Funds Money Market Fund. The Illinois Funds have a credit rating of AAAm, by an independent rating agency, indicating a strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and liquidity risks. The monies invested in the Illinois Funds by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements.

At April 30, 2011, all the City's deposits, excluding cash on hand, were covered by federal depository insurance, by collateral held by the financial institution's trust department or agent in the City's name, or invested in Illinois Funds Money Market Fund.

Investments

As of April 30, 2011, the City had the following investments:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)
Primary Government			
Certificates of deposit	\$ 2,078,717	N/A	0.45
Fiduciary Funds			
State & Local government	\$ 193,024	N/A	2.60
U.S. Government obligations and agency securities	7,845,867	N/A	5.70
Annuities	1,238,526	N/A	N/A
Common stock	2,066,221	N/A	N/A
Mutual funds	6,531,316	N/A	N/A
Total Fiduciary Investments	<u>\$ 17,874,954</u>		

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

(2) Interest rate risk is estimated using the weighted average years to maturity method.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing for the Fiduciary Fund is performed in accordance with investment policies adopted by the Board of Trustees complying with Illinois Compiled Statutes. Funds shall be invested as per Illinois Pension Code Section 3-135 and by the Public Funds Investment Act (20 ILCS 235/01).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Fund's policy provides that investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities while the Fund maintains sufficient liquidity. Investment guidelines have been established for monies invested to meet approximate market rates of return on its investments, consistent with constraints established by its safety objectives, cash flow considerations, and Illinois State laws that restrict the placement of public funds.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The City's policy provides that investments be diversified or collateralized to avoid incurring unreasonable risks regarding specific security types and/or financial institutions. Investments are insured by FDIC insurance or collateralized with securities held by the City or its agent in the City's name.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Investments representing 5% or more of total investments at April 30, 2011 are as follows:

Bank of Farmington Certificates of Deposit	\$1,651,047
Wells Fargo Certificates of Deposit	95,000

NOTE 5. CAPITAL ASSETS

Capital assets activity, resulting from modified cash basis transactions, for the year ended April 30, 2011, is as follows:

	<u>Ending Balance 4/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 4/30/2011</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Work in progress	438,244	254,109	248,922	443,431
Depreciable Assets:				
Buildings & Infrastructure	3,296,121	2,645,863	-	5,941,984
Equipment	1,106,062	106,923	-	1,212,985
Motor Vehicles	2,515,702	38,221	-	2,553,923
	<u>\$ 7,391,129</u>	<u>\$ 3,045,116</u>	<u>\$ 248,922</u>	<u>\$ 10,187,323</u>
Accumulated depreciation				
Buildings & Infrastructure	760,839	117,702	-	878,541
Equipment	694,286	98,577	-	792,863
Motor Vehicles	1,933,001	131,023	-	2,064,024
	<u>3,388,126</u>	<u>347,302</u>	<u>-</u>	<u>3,735,428</u>
Governmental activities capital assets, net	<u>\$ 4,003,003</u>	<u>\$ 2,697,814</u>	<u>\$ 248,922</u>	<u>\$ 6,451,895</u>

NOTE 5. CAPITAL ASSETS (Continued)

Business-Type Activities:	Ending Balance 4/30/2010	Additions	Deletions	Ending Balance 4/30/2011
<u>Greenwood Cemetery Fund</u>				
Mowers and equipment	\$96,390	\$6,225	\$ -	\$102,615
Vehicle	15,266	-	-	15,266
Fence	1,097	-	-	1,097
Building	43,685	-	-	43,685
Land improvements	9,532	-	-	9,532
	<u>165,970</u>	<u>6,225</u>	<u>-</u>	<u>172,195</u>
Accumulated depreciation Greenwood Cemetery Fund	<u>104,745</u>	<u>10,431</u>	<u>-</u>	<u>115,176</u>
Capital Assets, net	<u>61,225</u>	<u>(4,206)</u>	<u>-</u>	<u>57,019</u>
<u>Water & Sewer Fund</u>				
Water plant	8,225,642	1,137,517	-	9,363,159
Sewer plant	14,775,089	528,470	-	15,303,559
Water extensions	1,145,123	163,695	-	1,308,818
Sewer extensions	4,155,967	8,997	-	4,164,964
Office equipment	8,362	-	-	8,362
Water equipment	870,270	9,873	1,020	879,123
Sewer equipment	670,039	5,990	1,020	675,009
Work in progress	16,290,574	2,809,006	-	19,099,580
	<u>46,141,066</u>	<u>4,663,548</u>	<u>2,040</u>	<u>50,802,574</u>
Accumulated depreciation Water and Sewer Fund	<u>15,302,504</u>	<u>848,268</u>	<u>2,040</u>	<u>16,148,732</u>
Capital Assets, net	<u>30,838,562</u>	<u>3,815,280</u>	<u>-</u>	<u>34,653,842</u>
Total business-type activity capital asset, net	<u>\$30,899,787</u>	<u>\$3,811,074</u>	<u>\$ -</u>	<u>\$34,710,861</u>
Depreciation expenses was charged to governmental functions:				
General Government				\$ 62,764
Buildings and Grounds				1,461
Public Safety				143,137
Public Works				89,096
Community Development				15,467
Sanitation				35,377
Total				<u>\$ 347,302</u>

NOTE 6. LONG-TERM DEBT

Governmental Activities Long-term Debt:

The City’s governmental activities long-term debt as of April 30, 2011, consisted of the following:

1.0% Rural Development Loan:

On December 31, 1991, the City borrowed \$880,000 to finance certain development costs. Principal and interest on the loan, at a rate of 1.0% per year is payable in semi-annual installments on June 30 and December 30 of each year until maturity on December 31, 2013.

The annual debt service requirements on this loan, to maturity, are as follows:

<u>Year Ending 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 40,000	\$ 1,100	\$ 41,100
2013	40,000	700	40,700
2014	40,000	300	40,300
	<u>\$ 120,000</u>	<u>\$ 2,100</u>	<u>\$ 122,100</u>

General Obligation Debt Certificates:

On June 15, 2004, the City borrowed \$1,200,000 to finance site remediation and redevelopment costs at the former International Harvester Redevelopment Project Area. Interest on the loan is payable semi-annually on June 15 and December 15 of each year at a rate of 3.30% per year. Principal was payable at maturity on December 15, 2010.

During 2010, the City issued \$4,000,000 Debt Certificates, Series 2009. This issuance is to finance various municipal improvements and to refund the outstanding balance on the 2004 debt certificate. The Certificates carry an interest rate of 3% in which \$60,000 is due each December 1 and June 1 until maturity on December 1, 2011. The full principal amount of \$4,000,000 is due December 1, 2011.

Business-type Activities Long-term Debt:

The City’s business-type activities long-term debt as of April 30, 2011, consisted of the following:

Illinois EPA Loan:

In connection with a waterworks and sewer system maintenance project the City borrowed \$3,012,062 on an Illinois EPA Construction loan, including \$84,002 of construction period interest. The loan is payable in semi-annual installments of \$104,543 including interest at a rate of 2.93%, due February 28 and August 28 of each year. The final payment is due August 28, 2022.

The debt service requirements to maturity, on this loan, are as follows:

Year(s) ended 4/30	Principal	Interest	Total
2012	\$ 151,156	\$ 57,930	\$ 209,086
2013	155,579	53,507	209,086
2014	160,131	48,955	209,086
2015	164,817	44,269	209,086
2016	169,639	39,447	209,086
2017	174,603	34,283	208,886
2018	179,712	29,374	209,086
2019	184,971	24,115	209,086
2020	190,383	18,703	209,086
2021	195,954	13,132	209,086
2022	201,688	7,398	209,086
2023	103,047	1,505	104,552
	\$ 2,031,680	\$ 372,618	\$ 2,404,298

General Obligations Bonds (Alternate Revenue Source):

On October 1, 2005 the City issued \$26,430,000 of General Obligation bonds (alternate revenue source) in connection with water and sewer system improvements. Principal on the bonds is payable in annual installments ranging from \$550,000 to \$2,145,000 due December 1. Interest on the bonds is payable semi-annually on June 1 and December 1, at rates ranging from 3.10% to 5.00%. The bonds mature on December 1, 2023. In connection with the issuance the City received \$70,000 in premiums on the bond issue. This premium is being amortized on a straight-line basis over the life of the bonds. The unamortized premium on the bond issue at April 30, 2011, was \$50,006.

The General Obligation Refunding Bonds and the General Obligation Bonds bond ordinances stipulate that monies held in the water and sewer fund shall be aggregated and restricted to separate reserve accounts in the priority indicated by the order of the following:

<u>Account</u>	<u>Amount</u>	<u>Expenditures</u>
System Improvements	2005 G.O. Alternate Bond proceeds plus interest earned on invested proceeds net of allowable project costs.	Paying of costs of Water and Sewer plant and system improvements.
Operations and Maintenance	Monthly amounts sufficient to pay current operations and maintenance expenses.	Paying of operations and maintenance expenses.
Depreciation	Monthly deposits as deemed necessary.	Cost of extraordinary repairs and placements to the existing system.
Surplus	All remaining money after the deposits to the Operations and Depreciation accounts.	Paying of bond principal and interest maturities, repairs and replacements and deficiencies to accounts listed above.

The debt service requirements to maturity, on this bond, are as follows:

<u>Year(s) ended 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,245,000	\$ 1,029,830	\$ 2,274,830
2013	1,310,000	967,580	2,277,580
2014	1,375,000	902,080	2,277,080
2015	1,445,000	833,330	2,278,330
2016	1,515,000	761,080	2,276,080
2017	1,590,000	685,330	2,275,330
2018	1,670,000	620,140	2,290,140
2019	1,735,000	550,000	2,285,000
2020	1,805,000	463,250	2,268,250
2021	1,880,000	373,000	2,253,000
2022	1,960,000	279,000	2,239,000
2023	2,145,000	181,000	2,326,000
2024	1,475,000	73,750	1,548,750
	<u>\$ 21,150,000</u>	<u>\$ 7,719,370</u>	<u>\$ 28,869,370</u>

Changes in Long-Term Debt:

The following is a summary of the changes in each type of long-term debt during the year ended April 30, 2011:

	Balance April 30, 2010	Additions	Reductions	Balance April 30, 2011	Amounts Due within One Year
Changes in governmental activities Long-Term Debt:					
Contracts and loans payable:					
2009 Debt Certificate	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000	\$ 4,000,000
Rural Development loan	160,000	-	40,000	120,000	40,000
Total long-term debt, governmental activities	<u>\$ 4,160,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 4,120,000</u>	<u>\$ 4,040,000</u>
Changes in business-type activities Long-Term Debt:					
IL EPA loan	\$ 2,178,538	\$ -	\$ 146,858	\$ 2,031,680	\$ 151,156
General obligation bonds (alternate revenue source)	22,330,000	-	1,180,000	21,150,000	1,245,000
Total long-term debt business-type activities	<u>\$ 24,508,538</u>	<u>\$ -</u>	<u>\$ 1,326,858</u>	<u>\$ 23,181,680</u>	<u>\$ 1,396,156</u>

NOTE 7. DEFICIT FUND BALANCES

The following City funds have a deficit fund/equity balance as of April 30, 2011.

Civil Defense	\$49,417
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NOTE 8. RISK MANAGEMENT

The City has joined together with other local governments in Illinois to form the Municipal Insurance Cooperative Agency (MICA). MICA is a public entity risk pool operating a common risk management and insurance program for its member government. MICA maintains self-insured retention limits of \$150,000 for property claims, \$200,000 limit on liability claims, \$400,000 limit on worker's compensation claims, and a \$50,000 limit on crime claims. In addition, MICA maintains a \$2,000,000 reinsurance contract for total loss aggregate of \$10,500,000. The City pays an annual premium to MICA based upon the City's share of liability exposure and prior experience within the pool to cover potential claims to the total loss aggregate. Amounts paid into the pool in excess of claims for any coverage year are rebated back to members in subsequent periods. The City records such rebates as miscellaneous revenue in the Risk Management Fund in the year in which they are received.

NOTE 9. DEFINED BENEFIT PENSION PLANS

Illinois Municipal Retirement Fund (IMRF)

Plan Description. The City'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 City's employer 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. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the City's 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 2010 was 10.68 percent of annual covered payroll. The City 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, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2010, the City’s annual pension cost was \$420,419 for the Regular plan. The actual contribution was \$337,346.

TREND INFORMATION

Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$420,419	80%	\$-
12/31/09	309,052	100	-
12/31/08	281,259	100	-

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent 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% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually.

The actuarial value of 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 20% corridor between the actuarial and market value of assets. 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 the December 31, 2008, valuation was 30 years.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 73.16% funding. The actuarial accrued liability for benefits was \$8,884,651 and the actuarial value of assets was \$6,500,155, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,384,496. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$3,158,668 and the ratio if the UAAL to the covered payroll was 75%.

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

Police Pension Fund

Plan Description:

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan and which is administered by a board of trustees appointed by the Mayor and elected by pension members. The plan issues a stand-alone financial report that is filed with the Illinois Department of Insurance. A copy of the report may be obtained from the City. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (40ILCS 5/3) and may be amended only by the Illinois legislature. The city accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2010 was \$1,214,589.

At April 30, 2010, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries currently Receiving Benefits	16
Terminated Employees Entitles to Benefits but not yet Receiving Them	<u>2</u>
	18
Current Employees	<u>23</u>
Total	<u><u>41</u></u>

The Police Pension 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, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary. Employees with at least 8 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 is retired with 20 or more years of service after January 1, 1977 shall be increases annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaved covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The city is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The City funded 100% of its 2011 actuarially calculated contribution of \$293,312.

Annual Pension Cost and Net Pension Obligation – The City’s annual pension cost of \$293,312 was equal to the City’s required and actual contribution. The annual required contribution for the current year was determined as part of the April 30, 2010, actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 7.0% investment rate of return and (b) projected salary increases of 5.5%. Both (a) and (b) included an inflation component of 3% and post-retirement benefit increases of 3%. The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period.

The Police Pension Fund’s unfunded actuarial liability is being amortized as a level percentage of projected payroll. The remaining amortization period at April 30, 2010, is 23.1699 years.

Annual Pension Cost and Net Pension Obligation – The City’s annual pension cost and net pension obligation to the Police Pension Fund for the current year were as follows:

Annual required contributions	\$293,312
Interest on net pension obligations	-
Adjustments to annual required contribution	-
Annual pension cost	<u>293,312</u>
Annual contributions made	<u>313,027</u>
Decrease in net pension obligation	(19,715)
Net pension obligation, beginning of year	<u>2,669</u>
Net pension obligation, end of year	<u><u>\$ 17,046</u></u>

Three-Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$293,312	100%	\$ -
2010	342,743	99.2	2,669
2009	233,297	99.9	22

As of April 30, 2010, the most recent actuarial valuation date, the Police Pension Plan was 87.7% funded. The actuarial accrued liability for benefits was \$13,925,954 and the actuarial value of assets was \$12,216,346, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,709,608. The covered payroll (annual payroll of active employees covered by the plan) was \$1,214,589 and the ratio of the UAAL to the covered payroll was 140.76%.

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.

Fire Pension Fund

Plan Description

Fire sworn personnel are covered by the Fire Pension Plan which is a defined benefit single-employer pension plan and which is administered by a board of trustees appointed by the Mayor and elected by pension members. The Plan issues a stand-alone financial report that is filed with the Illinois Department of Insurance. A copy of the report may be obtained from the City. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (401ILCS 5/4) and may be amended only by the Illinois legislature. The city accounts for the plan as pension trust fund. The City’s payroll for employees covered by the Fire Pension Plan for the year ended April 30, 2010, was \$933,420. At April 30, 2010, the Fire Pension Plan membership consisted of:

Retirees and Beneficiaries currently	
Receiving Benefits	18
Terminated Employees Entitles to	
Benefits but not yet Receiving Them	-
	<u>18</u>
Current Employees	<u>17</u>
Total	<u><u>35</u></u>

The Fire Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977, shall be increases 3% annually.

Covered employees are required to contribute 9.455% of their salary to the Fire Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The City funded 99.6% of its 2010 actuarially calculated contribution of \$541,145. The Fire Pension Fund's unfunded actuarial liability is being amortized as a level percentage of projected payroll. The remaining amortization period at April 30, 2010, is 23.1699 years.

Annual Pension Cost and Net Pension Obligation – The City's annual pension cost and net pension obligation to the Firefighters' Pension Plan for the current year were as follows:

Annual required contributions	\$541,145
Interest on net pension obligations	-
Adjustments to annual required contribution	-
Annual pension cost	<u>541,145</u>
Annual contributions made	<u>539,185</u>
Increase in net pension obligation	1,960
Net pension obligation, beginning of year	<u>25,721</u>
Net pension obligation, end of year	<u><u>\$ 27,681</u></u>

The annual required contribution for the current year was determined as part of the April 30, 2010, actuarial valuation using the entry age normal cost funding method. The actuarial assumption included (a) 7.0% investment rate of return and (b) projected salary increases of 5.5%. Both (a) and (b) included an inflation component of 3% and post-retirement benefit increases of 3%. The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period.

Fiscal Year Ended	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$541,145	99.6%	\$27,681
2010	515,255	99.0	25,721
2009	435,938	95.3	20,663

As of April 30, 2010, the most recent actuarial valuation date, the Fire Pension Plan was 46.6% funded. The actuarial accrued liability for benefits was \$12,583,152 and the actuarial value of assets was \$5,864,602, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,718,550. The covered payroll (annual payroll of active employees covered by the plan) was \$933,420 and the ratio of the UAAL to the covered payroll was 719.78%

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.

Police and Fire Pension Funds

A. Summary of the Plan’s Significant Accounting Policies and Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when dues and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value on the financial statements. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at a current exchange rates. For actuarial calculation purposes investments in the U.S. Government and Agency obligations are valued at amortized cost.

NOTE 10. VACATION, SICK PAY & PERSONAL DAYS BENEFITS

Accumulated unpaid vacation, sick pay and personal day benefits for all City employees that have not been accrued on the financial statements equals \$601,539.

NOTE 11. INTERFUND BALANCES AND TRANSACTIONS

The following schedule reports interfund receivables and payables:

Amount	Due to Other Funds	Due from Other Funds
\$ 151	Special Revenue Fund: D.C.C.A.	Special Revenue Fund: I.H.-TIF
515,688	Special Revenue Fund: Working Cash	General Fund
71,609	Special Revenue Fund: MFT	General Fund
95,293	General Fund	Special Revenue Fund: I.H.-TIF
401,221	Special Revenue Fund: I.H.-TIF	Capital Projects Fund: 3 rd Avenue Grants
49,417	General Fund	Special Revenue Fund: Civil Defense
248	General Fund	Enterprise Fund: Cemetery
1,751	Capital Projects Fund: IT & EC Environmental Escrow	Capital Projects Fund: USEPA Brownfield Grant
346,358	General Fund	Enterprise Fund: Water and Sewer
1,759	Special Revenue Fund: DUI	Special Revenue Fund: Drug Prevention
2,389	Special Revenue Fund: I.H.-TIF	Special Revenue Fund 4A-TIF

NOTE 12. COMMITMENT/SUBSEQUENT EVENTS

As of April 30, 2010, the City had approved and was committed to pay for the following significant projects:

- \$49,200 contract for City Hall generator wall, contract balance \$49,200;
- \$46,959 contract for manhole raising project, contract balance \$46,959;
- \$2,509,962 contract for 3rd Avenue extension, contract balance of \$881,600;
- \$594,000 contract for WWTP secondary clarifiers, contract balance of \$57,886;
- \$198,429 contract for Chestnut Street extension, contract balance of \$198,429;
- \$103,733 contract for Enterprise Drive culvert replacement, contract balance of \$103,733

Pursuant to the Brownfields Cooperative Agreement between the Illinois Environmental Protection Agency and the City, the City is required to repay a portion of the grant funds received due to the City selling a portion of the land under the agreement within 15 years of the date of the agreement. Total grant proceeds were \$425,000. The agreement specifies the City will repay a negotiated amount greater than 0% but not more than 80% of the proceeds received. Negotiations between the City and the Illinois Environmental Protection Agency are underway however no estimate of the potential liability can be reasonably estimated.

The City has evaluated subsequent events through October 10, 2011 date which the financial statements were available to be issued.

NOTE 13. CONTINGENCIES

LITIGATION

During 2006, 2007, and 2009, the City received various Violation Notices from the Illinois Environmental Protection Agency. These Violation Notices allege that the City has violated various statutes, regulations and or permits related to the Wastewater Treatment System. The alleged violations include potential National Pollutant Discharge Elimination System (NPDES) Permit violations, Sampling and Reporting Requirement violations, Water Quality Violations, Illinois EPA Sludge Disposal Permit Violations, Sanitary Sewer Overflow Violations, and Wastewater Treatment Plant Operations & Maintenance Violations. The City has responded to the alleged violations and is awaiting a determination from the IEPA as to its future actions in these matters. Also in 2006, the City was notified by the U.S. Equal Employment Opportunity Commission (EEOC) of a discrimination claim. While the EEOC has not taken significant action on the claim, the claim is still active and could result in future settlement and legal fees. Although there is more than a remote likelihood of future loss, as of April 30, 2011, the range of potential uninsured loss to the City, arising from legal fees, potential fines and/or penalties, cannot be reasonably estimated but may be significant.

NOTE 14. POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 9, the City provides post-retirement hospital, health, life, and dental insurance coverage to retired employees in accordance with personnel policy or union contract. The portion of insurance coverage paid by the City varies depending on whether the employee was union or nonunion, the personnel policy in effect at the date of retirement, and the retiree's length of service. Generally, the City pays 100% of the retiree's insurance and a portion or all of the retiree's dependent coverage until the retiree reaches age 65. At age 65, the insurance coverage is terminated and the retiree can then make application to Medicare at his own expense. Retired employees are eligible for this coverage only if they also qualify for pension benefits under the Police, Fire, or IMRF pension fund.

As of December 31, 2010, the most recent actuarial valuation date, the City's actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) for post-employment health care benefits equals \$9,755,741. The \$9,755,741 unfunded actuarial accrued liability (UAAL) is comprised of \$5,554,258 for active employees and \$4,201,483 for retirees. Because the City is on a pay-as-you-go basis and does not have a fund set aside in an irrevocable trust for post-employment health care benefits, the \$9,755,741 unfunded actuarial accrued liability (UAAL) is equal to the \$9,755,741 actuarial accrued liability (AAL) less no assets set aside in an irrevocable trust. Based on a 25-year amortization of the UAAL, the annual required contribution (ARC) needed to fully fund the UAAL equals \$808,630.

NOTE 15. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

In February, 2009, GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Governments are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required. Governments are also required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications. Statement No. 54 also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements.

The requirements of Statement No. 54 are effective for financial statements for periods beginning after June 15, 2010. While earlier application of the Statement is encouraged, the City has not completed the process of evaluating the impact of Statement No. 54 on its financial statements

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND
Year ended April 30, 2011

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
<u>Resources (inflows):</u>				
Local taxes:				
Property taxes	\$ 1,376,094	\$ 1,376,094	\$ 1,371,322	\$ (4,772)
Utility tax	700,000	700,000	718,062	18,062
Telecommunications tax	355,000	355,000	341,189	(13,811)
Hotel/Motel taxes	46,288	46,288	29,079	(17,209)
Total local taxes	2,477,382	2,477,382	2,459,652	(17,730)
Intergovernmental:				
Sales tax	2,612,920	2,612,920	2,760,622	147,702
Income tax	1,178,000	1,178,000	1,308,182	130,182
Replacement tax	182,500	182,500	92,218	(90,282)
State reimbursements & grants	6,530	6,530	83,203	76,673
Federal grants	-	-	1,462	1,462
Total intergovernmental	3,979,950	3,979,950	4,245,687	265,737
Other:				
License and permits	82,000	82,000	64,978	(17,022)
Franchise fees	135,000	135,000	139,779	4,779
Fines and forfeitures	75,500	75,500	78,172	2,672
Charges for services	450,000	450,000	543,789	93,789
Donations	5,000	5,000	6,776	1,776
Interest income	55,000	55,000	35,238	(19,762)
Miscellaneous	81,800	81,800	144,434	62,634
Transfer in	-	-	248,942	248,942
Total other	884,300	884,300	1,262,108	377,808
Total resources (inflows)	\$ 7,341,632	\$ 7,341,632	\$ 7,967,447	\$ 625,815

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND (Continued)
Year ended April 30, 2011

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
<u>Charges to expenditures (outflows):</u>				
General government:				
Salaries and benefits	\$ 672,676	\$ 672,676	\$ 668,372	\$ 4,304
Supplies	24,200	24,200	27,407	(3,207)
Contractual services	934,305	934,305	493,492	440,813
Other charges and services	235,020	235,020	131,401	103,619
Capital outlay	45,000	45,000	10,335	34,665
Total general government	1,911,201	1,911,201	1,331,007	580,194
Public safety:				
Police:				
Salaries and benefits	2,486,032	2,486,032	2,434,558	51,474
Supplies	108,379	108,379	81,579	26,800
Contractual services	125,976	125,976	67,682	58,294
Capital outlay	34,400	34,400	38,221	(3,821)
Total police	2,754,787	2,754,787	2,622,040	132,747
Fire:				
Salaries and benefits	1,821,932	1,821,932	1,804,083	17,849
Supplies	53,789	53,789	30,305	23,484
Contractual services	88,616	88,616	45,095	43,521
Total fire	1,964,337	1,964,337	1,879,483	84,854
Public Works/Transportation:				
Streets:				
Salaries and benefits	401,034	401,034	347,820	53,214
Supplies	156,950	156,950	159,244	(2,294)
Contractual services	170,550	170,550	113,701	56,849
Capital outlay	-	-	96,588	(96,588)
Total public works/ transportation	\$ 728,534	\$ 728,534	\$ 717,353	\$ 11,181

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND (Continued)
Year ended April 30, 2011

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
Buildings and Grounds:				
Salaries and benefits	\$ 122,842	\$ 122,842	\$ 100,505	\$ 22,337
Supplies	26,000	26,000	23,974	2,026
Contractual services	12,150	12,150	15,157	(3,007)
Capital outlay	22,000	22,000	-	22,000
Total buildings and grounds	182,992	182,992	139,636	43,356
Sanitation:				
Salaries and benefits	255,555	255,555	304,207	(48,652)
Supplies	63,450	63,450	72,550	(9,100)
Contractual services	230,128	230,128	179,497	50,631
Total sanitation	549,133	549,133	556,254	(7,121)
Debt Service:				
Principal	-	-	40,000	(40,000)
Interest expense	-	-	1,668	(1,668)
Total debt service	-	-	41,668	(41,668)
Other financing uses:				
Operating transfers out:	-	-	53,520	(53,520)
Total charges to expenditures	8,090,984	8,090,984	7,340,961	750,023
BUDGETARY FUND				
BALANCE, ENDING	\$ (749,352)	\$ (749,352)	\$ 626,486	\$ (124,208)

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
IH SITE TAX INCREMENT FINANCING DISTRICT FUND
Year ended April 30, 2011

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
<u>REVENUES RECEIVED</u>				
Local taxes	\$ 400,000	\$ 400,000	\$ 192,273	\$ (207,727)
Intergovernmental	-	-	31,250	31,250
Interest	-	-	3,510	3,510
	<u>400,000</u>	<u>400,000</u>	<u>227,033</u>	<u>(172,967)</u>
<u>EXPENDITURES DISBURSED</u>				
Community development	770,000	770,000	346,410	423,590
Capital outlay	-	-	805,140	(805,140)
Debt service:				
Interest	-	-	120,000	(120,000)
	<u>770,000</u>	<u>770,000</u>	<u>1,271,550</u>	<u>(501,550)</u>
Revenues received over (under) expenditures disbursed before other financing sources (uses)	<u>\$ (370,000)</u>	<u>\$ (370,000)</u>	<u>\$ (1,044,517)</u>	<u>\$ (674,517)</u>

**CITY OF CANTON, ILLINOIS
REQUIRED SUPPLEMENTAL INFORMATION
ILLINOIS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ 6,500,155	\$ 8,884,651	\$ 2,384,496	73.16%	\$ 3,158,668	75.49%
12/31/2009	6,139,966	8,287,868	2,147,902	74.08%	3,143,967	68.32%
12/31/2008	5,485,013	7,481,677	1,996,664	73.31%	2,762,857	72.27%

On a market value basis, the actuarial value of assets as of December 31, 2010, is \$6,982,835.

On a market value basis, the funded ratio would be 78.59%.

**CITY OF CANTON, ILLINOIS
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS
POLICE AND FIRE PENSION FUNDS**

POLICE PENSION FUND

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liab. (AAL) - Entry Age	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (4)/(5)
4/30/2008	\$ 11,341,474	\$ 12,030,865	94.27%	\$ 689,391	\$ 1,385,204	49.77%
4/30/2009	10,393,481	13,314,929	78.06%	2,921,448	1,201,736	243.10%
4/30/2010	12,216,346	13,925,954	87.72%	1,709,608	1,214,589	140.76%

FIRE PENSION FUND

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liab. (AAL) - Entry Age	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (4)/(5)
4/30/2008	\$ 6,321,383	\$ 11,724,904	53.91%	\$ 5,403,521	\$ 978,652	552.14%
4/30/2009	5,217,208	12,003,562	43.46%	6,786,354	828,499	819.11%
4/30/2010	5,864,602	12,583,152	46.61%	6,718,550	933,420	719.78%

CITY OF CANTON, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2011

NOTE 1. BUDGET ORDINANCE

ANNUAL BUDGET

In conformity with Illinois State law, the City adopts an annual cash basis budget ordinance in lieu of an appropriation ordinance during the first quarter of its fiscal year. A certified copy of the budget ordinance, along with an estimate of anticipated annual revenue for the period covering the budget ordinance, is required to be filed with the County Clerk within thirty days of its adoption. In accordance with governmental accounting standards the City's budget ordinance and related estimated revenues serve as its appropriate budget for the purpose of presenting budgetary comparison information for the fiscal year.

The City cannot legally overspend its budget ordinance. The budget ordinance must be published or posted within ten days after it is passed. The budget ordinance does not take effect until ten days after it is published or posted. The City adopted its budget ordinance on April 20, 2010.

The budget ordinance must be itemized and specific as to what will be needed. The budget ordinance sets a limit on expenditures thus actual expenditures cannot exceed the budgeted amount. Bond, special assessments and motor fuel tax funds are exempted from the budget process. If the City overspends its budget then any such expenditure shall be null and void and no money should be paid. The level of control (level at which expenditures may not exceed budget) is the Fund. The City did not exceed its budgeted expenditures.

The City may adopt an amended budget ordinance at any time during the fiscal year in an amount not in excess of any additional revenue that becomes available to the City. The City may also transfer budget items within departments if approved by 2/3 vote of the council. Finally, the budget ordinance may be amended by 2/3 vote if a situation arises that requires additional expenditures. The City amended did not amend its budget.

SUPPLEMENTARY INFORMATION

CITY OF CANTON, ILLNOIS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -
MODIFIED CASH BASIS -
NON-MAJOR GOVERNMENTAL FUNDS
April 30, 2011

	Total Non-Major Special Revenue Funds	Total Non- Major Capital Project Funds	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash	\$ 943,733	\$ 294,053	\$ 1,237,786
Due from Other Funds	589,207	1,751	590,958
DCCA loans receivable	32,857	-	32,857
	<u>\$ 1,565,797</u>	<u>\$ 295,804</u>	<u>\$ 1,861,601</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Other Funds	\$ 53,565	\$ 1,751	\$ 55,316
Payroll taxes	642	-	642
	<u>54,207</u>	<u>1,751</u>	<u>55,958</u>
Total liabilities	<u>54,207</u>	<u>1,751</u>	<u>55,958</u>
Fund balances	<u>1,511,590</u>	<u>294,053</u>	<u>1,805,643</u>
Total Liabilities & Fund Balances	<u>\$ 1,565,797</u>	<u>\$ 295,804</u>	<u>\$ 1,861,601</u>

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
Year ended April 30, 2011

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
<u>REVENUES</u>			
Local taxes:			
Property taxes	\$ 673,561	\$ -	\$ 673,561
Intergovernmental:			
Motor fuel taxes	388,368	-	388,368
Replacement taxes	52,975	-	52,975
Pull tab & jar games tax	3,293	-	3,293
Grant proceeds	480,251	-	480,251
Fines and forfeitures	7,058	-	7,058
Interest	5,913	86	5,999
Other	66,650	-	66,650
	<hr/>	<hr/>	<hr/>
Total revenues	1,678,069	86	1,678,155
<u>EXPENDITURES</u>			
General governmental	571,823	-	571,823
Public safety			
Civil defense	13,856	-	13,856
Law enforcement	5,109	-	5,109
Public works/transportation:			
Streets & sidewalks	17,046	-	17,046
Capital outlay	375,842	-	375,842
Community development:			
Other	489,933	14,871	504,804
	<hr/>	<hr/>	<hr/>
Total expenditures	1,473,609	14,871	1,488,480
Revenue received over (under) expenditures	204,460	(14,785)	189,675
Fund balance, beginning	1,307,130	308,838	1,615,968
	<hr/>	<hr/>	<hr/>
Fund balance, ending	\$ 1,511,590	\$ 294,053	\$ 1,805,643
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF ASSETS, LIABILITES, AND FUND BALANCES
MODIFIED CASH BASIS - NON-MAJOR SPECIAL REVENUE FUNDS
April 30, 2011

	SPECIAL REVENUE FUNDS					
	Working Cash	Civil Defense	Illinois Municipal Retirement Fund/Social Security	Motor Fuel Tax	Tax Increment Financing District	Audit
<u>ASSETS</u>						
Cash	\$ 45,448	\$ -	\$ 49,867	\$ 592,283	\$ 158,652	\$ 11,858
Due from General Fund	515,688	-	-	71,609	-	-
Due from Drug Prevention fund	-	-	-	-	-	-
DCCA loans receivable	-	-	-	-	-	-
Total Assets		\$ -	\$ 49,867	\$ 663,892	\$ 158,652	\$ 11,858
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Due to IH Site TIF Fund	\$ -	\$ -	\$ -	\$ -	\$ 2,389	\$ -
Due to General Fund	-	49,417	-	-	-	-
Due to DUI Fund	-	-	-	-	-	-
Payroll taxes	-	-	642	-	-	-
Total liabilities	-	49,417	642	-	2,389	-
Fund Balances (deficit)	561,136	(49,417)	49,225	663,892	156,263	11,858
Total Liabilities & Fund Balances (deficit)	\$ 561,136	\$ -	\$ 49,867	\$ 663,892	\$ 158,652	\$ 11,858

Drug Prevention	DUI Fund	Gambling	CDAP Housing Grant	D.C.C.A. Loan Fund	Total Non- Major Special Revenue Funds
\$ 13,155	\$ 12,092	\$ 506	\$ 14,970	44,902	\$ 943,733
-	-	-	-	151	587,448
-	1,759	-	-	-	1,759
-	-	-	-	32,857	32,857
<u>\$ 13,155</u>	<u>\$ 13,851</u>	<u>\$ 506</u>	<u>\$ 14,970</u>	<u>\$ 77,910</u>	<u>\$ 1,565,797</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,389
-	-	-	-	-	49,417
1,759	-	-	-	-	1,759
-	-	-	-	-	642
1,759	-	-	-	-	54,207
11,396	13,851	506	14,970	77,910	1,511,590
<u>\$ 13,155</u>	<u>\$ 13,851</u>	<u>\$ 506</u>	<u>\$ 14,970</u>	<u>\$ 77,910</u>	<u>\$ 1,565,797</u>

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - NON-MAJOR SPECIAL REVENUE FUNDS
For the year ended April 30, 2011

SPECIAL REVENUE FUNDS

	Working Cash	Civil Defense	Illinois Municipal Retirement Fund/Social Security	Motor Fuel Tax	Tax Increment Financing District	Audit
<u>REVENUES</u>						
Property taxes	\$ -	\$ 3,912	\$ 587,714	\$ -	\$ 32,082	\$ 49,853
Intergovernmental:						
Motor fuel taxes	-	-	-	388,368	-	-
Replacement taxes	-	-	52,975	-	-	-
Pull tab & jar games tax	-	-	-	-	-	-
Grant proceeds	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest	-	-	-	3,752	1,271	-
Other	-	-	-	66,650	-	-
Total revenues	-	3,912	640,689	458,770	33,353	49,853
<u>EXPENDITURES</u>						
General government	-	-	551,038	-	-	20,785
Public safety						
Civil defense	-	13,856	-	-	-	-
Law enforcement	-	-	-	-	-	-
Public works/transportation:						
Streets & sidewalks	-	-	-	17,046	-	-
Capital outlay	-	-	-	346,917	28,925	-
Community development:						
Other	-	-	-	-	16,619	-
Debt Service - Interest	-	-	-	-	-	-
Total expenditures	-	13,856	551,038	363,963	45,544	20,785
Revenue received over (under) expenditures	-	(9,944)	89,651	94,807	(12,191)	29,068
Fund balance (deficit), beginning	561,136	(39,473)	(40,426)	569,085	168,454	(17,210)
Fund balance (deficit), ending	<u>\$ 561,136</u>	<u>\$ (49,417)</u>	<u>\$ 49,225</u>	<u>\$ 663,892</u>	<u>\$ 156,263</u>	<u>\$ 11,858</u>

Drug Prevention	DUI	Gambling	CDAP Flex Grant	CDAP Housing Grant	IHDA HOME Grant	D.C.C.A. Loan Fund	Total Non-Major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 673,561
-	-	-	-	-	-	-	388,368
-	-	-	-	-	-	-	52,975
-	-	3,293	-	-	-	-	3,293
-	-	-	270,386	15,000	194,865	-	480,251
1,947	5,111	-	-	-	-	-	7,058
-	-	-	-	-	-	890	5,913
-	-	-	-	-	-	-	66,650
1,947	5,111	3,293	270,386	15,000	194,865	890	1,678,069
-	-	-	-	-	-	-	571,823
-	-	-	-	-	-	-	13,856
1,216	213	3,680	-	-	-	-	5,109
-	-	-	-	-	-	-	17,046
-	-	-	-	-	-	-	375,842
-	-	-	277,681	30	194,865	738	489,933
-	-	-	-	-	-	-	-
1,216	213	3,680	277,681	30	194,865	738	1,473,609
731	4,898	(387)	(7,295)	14,970	-	152	204,460
10,665	8,953	893	7,295	-	-	77,758	1,307,130
\$ 11,396	\$ 13,851	\$ 506	\$ -	\$ 14,970	\$ -	\$ 77,910	\$ 1,511,590

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR CAPITAL PROJECTS FUNDS
April 30, 2011

	Capital Projects Fund			Total Non- Major Capital Project Funds
	Illinois Brownfield Grant	USEPA Brownfield Grant	IT&EC Environmental Escrow	
<u>ASSETS</u>				
Cash	\$ 213	\$ 19,772	\$ 274,068	\$ 294,053
Due from USEPA Brownfield Grant Fund	-	-	1,751	1,751
	\$ 213	\$ 19,772	\$ 275,819	\$ 295,804
<u>LAIBILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to IT&EC Environmental Escrow	\$ -	\$ 1,751	\$ -	\$ 1,751
Total liabilities	-	1,751	-	1,751
Fund balances	213	18,021	275,819	294,053
Total Liabilities & Fund Balances	\$ 213	\$ 19,772	\$ 275,819	\$ 295,804

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES -
MODIFIED CASH BASIS - NON-MAJOR CAPITAL PROJECTS FUNDS
Year ended April 30, 2011

	<u>Capital Projects Fund</u>			<u>Total Non- Major Capital Project Funds</u>
	<u>Illinois Brownfield Grant</u>	<u>USEPA Brownfield Grant</u>	<u>IT&EC Environmental Escrow</u>	
<u>REVENUES</u>				
Other				
Interest	\$ -	\$ -	\$ 86	\$ 86
<u>EXPENDITURES</u>				
Community Development:				
Other	<u>-</u>	<u>-</u>	<u>14,871</u>	<u>14,871</u>
Revenue received over (under) expenditures	-	-	(14,785)	(14,785)
Fund balance, beginning	<u>213</u>	<u>18,021</u>	<u>290,604</u>	<u>308,838</u>
Fund balance, ending	<u><u>\$ 213</u></u>	<u><u>\$ 18,021</u></u>	<u><u>\$ 275,819</u></u>	<u><u>\$ 294,053</u></u>

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS - ENTERPRISE FUNDS
Year ended April 30, 2011

	Enterprise Funds		
	Water & Sewer	Greenwood Cemetery	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 5,636,063	\$ 30,485	\$ 5,666,548
Lot sales	-	24,565	24,565
Lot leases	12,921	-	12,921
Fees & permits	38,262	-	38,262
Miscellaneous income	10,175	-	10,175
	<hr/>	<hr/>	<hr/>
Total operating revenues	5,697,421	55,050	5,752,471
<u>OPERATING EXPENSES</u>			
Personal services	1,930,490	83,562	2,014,052
Supplies	601,387	13,357	614,744
Contractual services	798,612	19,564	818,176
Depreciation	848,268	10,431	858,699
Other	7,541	918	8,459
	<hr/>	<hr/>	<hr/>
Total operating expenses	4,186,298	127,832	4,314,130
	<hr/>	<hr/>	<hr/>
Operating income (loss)	1,511,123	(72,782)	1,438,341
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest expense	(1,147,162)	-	(1,147,162)
Interest income	135,166	6,651	141,817
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(1,011,996)	6,651	(1,005,345)
	<hr/>	<hr/>	<hr/>
Net income (loss) before transfers	499,127	(66,131)	432,996
<u>OTHER FINANCING SOURCES</u>			
Transfers in	172,692	53,520	226,212
	<hr/>	<hr/>	<hr/>
Increase (decrease) in net assets	671,819	(12,611)	659,208
	<hr/>	<hr/>	<hr/>
Net assets, beginning	17,821,278	532,128	18,353,406
	<hr/>	<hr/>	<hr/>
Net assets, ending	\$ 18,493,097	\$ 519,517	\$ 19,012,614
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF CANTON, ILLINOIS
SCHEDULE OF OPERATING EXPENDITURES OTHER THAN DEPRECIATION
WATER AND SEWER FUND
Year ended April 30, 2011

	<u>General Administration</u>	<u>System Maintenance</u>	<u>Water</u>	<u>Waste- Water</u>
Salaries and wages	\$ 79,292	\$ 351,039	\$ 520,846	\$ 564,131
Group insurance	12,415	72,643	112,690	112,116
Maintenance:				
System	-	-	-	107,208
Building	-	-	2,871	9,312
Equipment	1,218	3,055	28,025	35,237
Utilities	616	2,892	115,102	176,203
Travel and training	-	-	-	2,987
Fuel and oil	-	11,417	10,418	26,133
Services	59,553	2,078	167,383	25,589
Supplies:				
Office	2,926	-	-	1,876
Maintenance	-	75,035	29,097	14,779
Operating	-	24,465	356,569	40,402
Rentals	-	-	-	4,950
Other	227	-	2,780	4,534
Total	<u><u>\$ 156,247</u></u>	<u><u>\$ 542,624</u></u>	<u><u>\$ 1,345,781</u></u>	<u><u>\$ 1,125,457</u></u>

<u>Meters</u>	<u>Lake</u>	<u>Total</u>
\$ 91,826	\$ 2,880	\$ 1,610,014
10,612	-	320,476
-	11,523	118,731
-	-	12,183
19,728	5,187	92,450
807	11,874	307,494
-	-	2,987
4,979	-	52,947
-	5,214	259,817
-	-	4,802
668	-	119,579
361	2,262	424,059
-	-	4,950
-	-	7,541
<u>\$ 128,981</u>	<u>\$ 38,940</u>	<u>\$ 3,338,030</u>

CITY OF CANTON, ILLINOIS
SCHEDULE OF PROPERTY TAX LEVIES, RATES, EXTENSIONS,
COLLECTIONS, AND ASSESSED VALUATIONS

	2010 Tax Levy Year*				
	Levy	Rate	Extension	Collections	Levy
<u>General Fund:</u>					
Fire Protection	\$ 150,000	0.1330	\$ 150,062	\$ -	\$ 150,000
Police Protection	72,000	0.0639	72,098	-	72,000
Street & Bridge**	-	-	-	-	-
Liability Insurance	190,905	0.1692	190,906	-	50,000
Workmen's Compensation	230,000	0.2039	230,058	-	230,000
<u>Special Revenue Funds:</u>					
Civil Defense	3,676	0.0033	3,723	-	3,822
Social Security	215,000	0.1906	215,052	-	215,000
I.M.R.F.	305,000	0.2704	305,089	-	375,000
Audit	27,000	0.0240	27,079	-	50,000
<u>Enterprise Fund:</u>					
Cemetery	26,000	0.0231	26,063	-	26,000
<u>Pension Trust Funds:</u>					
Police Pension	283,284	0.2511	283,313	-	306,430
Fire Pension	483,810	0.4289	483,922	-	460,664
	<u>\$ 1,986,675</u>	<u>1.7614</u>	<u>\$ 1,987,365</u>	<u>\$ -</u>	<u>\$ 1,938,916</u>
Assessed valuation	<u><u>\$ 118,801,563</u></u>				

* Collections of 2010 tax levies not received until after April 30, 2011.

** Street and bridge taxes are levied by townships. The City then receives a portion of the tax levies. Total received during the year ended April 30, 2011, was \$81,401

2009 Tax Levy Year				2008 Tax Levy Year		
Rate	Extension	Collections	Levy	Rate	Extension	Collections
0.1337	\$ 150,032	\$ 149,443	\$ 143,000	0.1262	\$ 143,112	\$ 143,673
0.0642	72,042	71,759	70,000	0.0618	70,082	70,356
-	-	-	-	-	-	-
0.0446	50,048	49,853	50,000	0.0441	50,010	50,205
0.2050	230,041	229,141	219,400	0.1935	219,431	220,290
0.0035	3,928	3,912	3,822	0.0034	3,856	3,871
0.1916	215,004	214,161	215,000	0.1896	215,008	215,851
0.3342	375,024	373,553	215,000	0.1896	215,008	215,851
0.0446	50,048	49,852	-	-	-	-
0.0232	26,034	25,933	26,000	0.0230	26,083	26,184
0.2731	306,460	305,260	199,639	0.1761	199,699	200,481
0.4106	460,756	458,949	367,944	0.3245	367,986	369,427
1.7283	\$ 1,939,417	\$ 1,931,816	\$ 1,509,805	1.3318	\$ 1,510,275	\$ 1,516,189
<u>\$ 114,791,723</u>				<u>\$ 113,401,024</u>		