



Phillips, Salmi & Associates, LLC
Certified Public Accountants

CITY OF CANTON, ILLINOIS
FINANCIAL STATEMENTS
For the year ended April 30, 2013

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	1 – 2
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3 – 4
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Modified Cash Basis	5
Statement of Activities – Modified Cash Basis	6 - 7
Statement of Assets, Liabilities and Fund Equity – Modified Cash Basis – Governmental Fund Types	8
Reconciliation of the Statement of Assets, Liabilities and Fund Equity – Modified Cash Basis – Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds to the Statement of Activities	11
Statement of Net Position – Modified Cash Basis – Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis – Proprietary Funds	13
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	14 - 15
Statement of Fiduciary Net Position – Fiduciary Funds	16
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	17
Notes to Financial Statements	18 - 45
SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – Modified Cash Basis – General Fund	46 - 48
Budgetary Comparison Schedule – Modified Cash Basis – Canton 1 TIF Fund	49
Combining Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis – Non-Major Governmental Funds	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Modified Cash Basis – Non-Major Governmental Funds	51
Combining Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis – Non-Major Special Revenue Funds	52 - 53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Non-Major Special Revenue Funds	54 - 55
Combining Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis – Non-Major Capital Projects Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Non-Major Capital Projects Funds	57
Schedule of Operating Expenditures Other than Depreciation – Water and Sewer Fund	58 – 59

OTHER SUPPLEMENTARY INFORMATION:

Illinois Municipal Retirement System – Schedule of funding progress	60
Police and Fire Pension Fund – Schedules of funding progress	61
Schedule of Property Tax Levies, Rates, Extensions, Collections, and Assessed Valuations	62 - 63



Phillips, Salmi & Associates, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Canton, Illinois

We have audited the accompanying modified cash-basis 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, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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, 2013, 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 position of the City of Canton, Illinois' Pension Trust Funds as of April 30, 2013, and the respective changes in net position, thereof, for the year ended, in conformity with generally accepted accounting principles.

Basis of Accounting

We draw your attention to Note 1 of the financial statements which describes the basis of accounting. 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 basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter. 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.

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Canton's basic financial statements. The budgetary comparison information, combining statements, and the Schedule of Operating Expenditures Other than Depreciation – Water and Sewer Fund presented on pages 46 through 59 are the responsibility of management and were derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The statistical schedules on pages 60 through 62 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Phillips, Salmi & Associates, LLC

December 16, 2013

Washington, Illinois



Phillips, Salmi & Associates, LLC

Certified Public Accountants

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

To the City Council
City of Canton, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Canton, Illinois as of and for the year ended April 30, 2013, which collectively comprise the City of Canton Illinois' basic financial statements and have issued our report thereon dated December 16, 2013. 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. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Canton Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Canton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Canton's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Canton Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Phillips, Salmi & Associates, LLC

December 16, 2013

CITY OF CANTON, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
April 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,875,646	\$ 512,397	\$ 5,388,043
Investments	432,844	-	432,844
Restricted assets	-	3,715,943	3,715,943
Due from other governments	10,400	-	10,400
Internal Balances	201,975	(201,975)	-
Economic development loans receivable	66,643	-	66,643
Capital Assets:			
Non-depreciable	183,783	4,622,562	4,806,345
Depreciable, net	8,353,934	31,150,950	39,504,884
 Total Assets	 <u>\$ 14,125,225</u>	 <u>\$ 39,799,877</u>	 <u>\$ 53,925,102</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Bond refunding deferred charges	\$ -	\$ 1,518,202	\$ 1,518,202
<u>LIABILITIES</u>			
Payroll liabilities payable	\$ 3,783	\$ -	\$ 3,783
Current portion of bonds and loans payable	140,000	1,830,131	1,970,131
Non-Current Liabilities:			
Bonds payable after one year	-	18,592,183	18,592,183
Loans due after one year	7,101,338	1,564,814	8,666,152
 Total Liabilities	 <u>7,245,121</u>	 <u>21,987,128</u>	 <u>29,232,249</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,296,379	16,070,435	17,366,814
Restricted for:			
System improvements	-	1,999,176	1,999,176
Debt service	-	938,550	938,550
Operations and maintenance	-	284,875	284,875
Repair and replacement	-	179,162	179,162
Perpetual care and maintenance	-	314,180	314,180
Special police expenditures	93,848	-	93,848
Workers compensation insurance	48,399	-	48,399
Redevelopment	2,310,673	-	2,310,673
Audit	718	-	718
Motor Fuel Tax	715,803	-	715,803
Small business loans	83,460	-	83,460
Capital projects	273,077	-	273,077
Unrestricted (deficit)	<u>2,057,747</u>	<u>(455,427)</u>	<u>1,602,320</u>
 Total Net Position	 <u>6,880,104</u>	 <u>19,330,951</u>	 <u>26,211,055</u>
	 <u>\$ 14,125,225</u>	 <u>\$ 41,318,079</u>	 <u>\$ 55,443,304</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year ended April 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities				
General government	\$ 2,334,335	\$ 66,389	\$ -	\$ -
Public safety	5,255,284	47,857	7,243	-
Public works	1,010,907	234,081	-	66,391
Community development	934,457	-	-	123,520
Buildings and grounds	191,634	-	-	-
Sanitation	509,688	503,465	-	-
Interest on long-term debt	291,712	-	-	-
Total governmental activities	10,528,017	851,792	7,243	189,911
Business-type activities:				
Water and sewer utilities	5,795,567	5,982,010	-	-
Cemetery operations	116,758	71,771	-	-
Total business-type activities	5,912,325	6,053,781	-	-
Total primary government	\$ 16,440,342	\$ 6,905,573	\$ 7,243	\$ 189,911
General Revenues				
Local taxes				
State taxes and allotments				
Interest and investment income				
Miscellaneous				
Gain on sale of fixed assets				
Transfers in (out)				
Total general revenues, special items and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

See Notes to Financial Statements.

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

Governmental Activities	Business-type Activities	Total
\$ (2,267,946)	\$ -	\$ (2,267,946)
(5,200,184)	-	(5,200,184)
(710,435)	-	(710,435)
(810,937)	-	(810,937)
(191,634)	-	(191,634)
(6,223)	-	(6,223)
(291,712)	-	(291,712)
(9,479,071)	-	(9,479,071)
-	186,443	186,443
-	(44,987)	(44,987)
-	141,456	141,456
(9,479,071)	141,456	(9,337,615)
3,832,556	-	3,832,556
5,653,330	-	5,653,330
23,787	16,592	40,379
280,939	-	280,939
131,014	-	131,014
(60,398)	60,398	-
9,861,228	76,990	9,938,218
382,157	218,446	600,603
6,497,947	19,112,505	25,610,452
\$ 6,880,104	\$ 19,330,951	\$ 26,211,055

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY
MODIFIED CASH BASIS - GOVERNMENTAL FUND TYPES
April 30, 2013

	General	Canton 1 Tax Increment Financing District	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,618,126	\$ 2,044,573	\$ 1,212,947	\$ 4,875,646
Investments	432,844	-	-	432,844
D.C.C.A. loans receivable	-	-	66,643	66,643
Due from other governments	9,288	1,112	-	10,400
Due from other funds	364,859	264,988	465,688	1,095,535
	<u>\$ 2,425,117</u>	<u>\$ 2,310,673</u>	<u>\$ 1,745,278</u>	<u>\$ 6,481,068</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Current liabilities:				
Due to other funds	\$ 657,250	\$ -	\$ 236,310	\$ 893,560
Payroll taxes withheld	3,783	-	-	3,783
	<u>661,033</u>	<u>-</u>	<u>236,310</u>	<u>897,343</u>
Fund equity:				
Fund balances:				
Restricted for:				
Special police expenditures	934	-	92,914	93,848
Workers compensation insurance	48,399	-	-	48,399
Redevelopment	-	2,310,673	-	2,310,673
Audit	-	-	718	718
Motor Fuel Tax	-	-	715,803	715,803
Small business loans	-	-	83,460	83,460
Capital projects	-	-	273,077	273,077
Assigned for:				
Garbage expenditures	294,366	-	-	294,366
Tourism promotion expenditures	18,401	-	-	18,401
Special police expenditures	17,324	-	-	17,324
Fire technical rescue expenditures	18,658	-	-	18,658
Working cash	-	-	561,136	561,136
Unassigned	1,366,002	-	(218,140)	1,147,862
	<u>1,764,084</u>	<u>2,310,673</u>	<u>1,508,968</u>	<u>5,583,725</u>
Total fund balances	<u>1,764,084</u>	<u>2,310,673</u>	<u>1,508,968</u>	<u>5,583,725</u>
Total liabilities & fund balances	<u>\$ 2,425,117</u>	<u>\$ 2,310,673</u>	<u>\$ 1,745,278</u>	<u>\$ 6,481,068</u>

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 POSITION
April 30, 2013

Total fund balance - total governmental funds	
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	\$ 5,583,725
Capital assets of \$12,962,180 net of accumulated depreciation of \$4,424,463 are not financial resources and, therefore, are not reported in the funds.	8,537,717
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	<u>(7,241,338)</u>
Net position of governmental activities	<u><u>\$ 6,880,104</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, 2013

	General	Canton 1 Tax Increment Financing District	Other Governmental Funds	Total Governmental Funds
<u>REVENUES RECEIVED</u>				
Local taxes	\$ 2,629,723	\$ 626,119	\$ 576,714	\$ 3,832,556
Intergovernmental	4,421,250	-	1,429,234	5,850,484
Licenses and permits	66,380	-	-	66,380
Fines	90,284	-	10,313	100,597
Charges for services	551,331	-	-	551,331
Interest	17,626	2,299	3,862	23,787
Franchise fees	234,081	-	-	234,081
Other	178,407	1,210	725	180,342
	<u>8,189,082</u>	<u>629,628</u>	<u>2,020,848</u>	<u>10,839,558</u>
<u>EXPENDITURES DISBURSED</u>				
General government	1,603,510	-	678,137	2,281,647
Buildings and grounds	188,682	-	-	188,682
Public safety	5,101,499	-	19,655	5,121,154
Public works/transportation	743,810	-	-	743,810
Sanitation	474,311	-	-	474,311
Community development	-	523,974	191,626	715,600
Capital outlay	369,145	102,461	390,007	861,613
Debt service:				
Principal	40,000	-	-	40,000
Interest	700	291,012	-	291,712
	<u>8,521,657</u>	<u>917,447</u>	<u>1,279,425</u>	<u>10,718,529</u>
Revenues received over (under) expenditures disbursed before other financing sources (uses)	(332,575)	(287,819)	741,423	121,029
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from sale of equipment	131,014	-	-	131,014
Operating transfers in	-	30,462	-	30,462
Operating transfers out	(60,185)	(20,280)	(10,395)	(90,860)
	<u>70,829</u>	<u>10,182</u>	<u>(10,395)</u>	<u>70,616</u>
Change in fund balance	(261,746)	(277,637)	731,028	191,645
FUND BALANCE, beginning	<u>2,025,830</u>	<u>2,588,310</u>	<u>777,940</u>	<u>5,392,080</u>
FUND BALANCE, ending	<u>\$ 1,764,084</u>	<u>\$ 2,310,673</u>	<u>\$ 1,508,968</u>	<u>\$ 5,583,725</u>

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, 2013

Net change in fund balances - total governmental funds	\$	191,645
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 \$861,613 exceeded depreciation of \$509,763 in the current period.		
		351,850
Recognition of the required future repayment of the Brownfield Cooperative Agreement does not reduce current financial resources and therefore is not recorded in the governmental funds		
		(201,338)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		40,000
Change in net position of governmental activities	\$	382,157

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
PROPRIETARY FUNDS
April 30, 2013

	<u>Water & Sewer</u>	<u>Cemetery</u>	<u>Total</u>
<u>ASSETS</u>			
Unrestricted current assets:			
Cash and cash equivalents	\$ 310,791	\$ 201,606	\$ 512,397
Restricted current assets:			
Cash and cash equivalents	2,260,656	214,180	2,474,836
Investments	1,141,107	100,000	1,241,107
	<u>3,401,763</u>	<u>314,180</u>	<u>3,715,943</u>
Total restricted current assets			
	<u>3,712,554</u>	<u>515,786</u>	<u>4,228,340</u>
Capital assets, net of accumulated depreciation	<u>35,728,777</u>	<u>44,735</u>	<u>35,773,512</u>
Total assets	<u>\$ 39,441,331</u>	<u>\$ 560,521</u>	<u>\$ 40,001,852</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Bond refunding deferred charges	<u>\$ 1,518,202</u>	<u>\$ -</u>	<u>\$ 1,518,202</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Current liabilities (payable from current assets):			
Due to other funds	\$ 201,975	\$ -	\$ 201,975
Current portion of long-term liabilities	1,830,131	-	1,830,131
	<u>2,032,106</u>	<u>-</u>	<u>2,032,106</u>
Long-term liabilities:			
Illinois EPA loan payable	1,564,814	-	1,564,814
Revenue bonds payable	18,592,183	-	18,592,183
	<u>20,156,997</u>	<u>-</u>	<u>20,156,997</u>
Total long-term liabilities, net of current portion			
Total liabilities	22,189,103	-	22,189,103
Fund equity:			
Net position:			
Invested in capital assets net of related debt	16,025,700	44,735	16,070,435
Restricted for:			
System improvements	1,999,176	-	1,999,176
Debt Service	938,550	-	938,550
Operation and maintenance	284,875	-	284,875
Repair and replacement	179,162	-	179,162
Perpetual care and maintenance	-	314,180	314,180
Unrestricted	(657,033)	201,606	(455,427)
	<u>18,770,430</u>	<u>560,521</u>	<u>19,330,951</u>
Total fund equity			
Total liabilities and fund equity	<u>\$ 40,959,533</u>	<u>\$ 560,521</u>	<u>\$ 41,520,054</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year ended April 30, 2013

	<u>Water & Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
<u>OPERATING REVENUES</u>			
Charges for service and sales	\$ 5,918,718	\$ 69,035	\$ 5,987,753
Other income	63,292	2,736	66,028
Total operating revenues	<u>5,982,010</u>	<u>71,771</u>	<u>6,053,781</u>
<u>OPERATING EXPENSES</u>			
Operations and maintenance	3,282,401	110,771	3,393,172
Depreciation	1,385,712	5,987	1,391,699
Total operating expenses	<u>4,668,113</u>	<u>116,758</u>	<u>4,784,871</u>
Operating income (loss)	<u>1,313,897</u>	<u>(44,987)</u>	<u>1,268,910</u>
<u>NONOPERATING REVENUE & EXPENSES</u>			
Bond issuance costs	(106,367)	-	(106,367)
Interest income	14,687	1,905	16,592
Interest expense	(1,021,087)	-	(1,021,087)
	<u>(1,112,767)</u>	<u>1,905</u>	<u>(1,110,862)</u>
Net loss before transfers	201,130	(43,082)	158,048
<u>OTHER FINANCING SOURCES</u>			
Operating transfers in	213	60,185	60,398
Change in net position	201,343	17,103	218,446
NET POSITION, beginning	<u>18,569,087</u>	<u>543,418</u>	<u>19,112,505</u>
NET POSITION, ending	<u><u>\$ 18,770,430</u></u>	<u><u>\$ 560,521</u></u>	<u><u>\$ 19,330,951</u></u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year ended April 30, 2013

	<u>Water & Sewer</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
<u>Cash flows from operating activities:</u>			
Cash received from customers	\$ 5,982,010	\$ 71,771	\$ 6,053,781
Cash payments to suppliers for goods & services	(1,948,761)	(21,404)	(1,970,165)
Cash payments to employees for services	(1,333,640)	(90,267)	(1,423,907)
Net cash provided by (applied to) operating activities	<u>2,699,609</u>	<u>(39,900)</u>	<u>2,659,709</u>
<u>Cash flows from noncapital financing activities:</u>			
Operating transfers in	213	60,185	60,398
Receipt/(repayment) of loans from other funds	(267,565)	(209)	(267,774)
Net cash provided by (applied to) noncapital financing activities	<u>(267,352)</u>	<u>59,976</u>	<u>(207,376)</u>
<u>Cash flows from capital and related financing activities:</u>			
Principal paid on IL EPA loan	(155,579)	-	(155,579)
Principal paid on Alt. Rev. Source bonds	(1,310,000)	-	(1,310,000)
Interest paid	(1,021,087)	-	(1,021,087)
Property and equipment purchases	(1,010,490)	-	(1,010,490)
Net cash applied to capital and related financing activities	<u>(3,497,156)</u>	<u>-</u>	<u>(3,497,156)</u>
<u>Cash flows from investing activities:</u>			
Interest income received	11,191	1,905	13,096
Redemption (purchase) of investments	(5,584)	-	(5,584)
Net cash provided by investing activities	<u>5,607</u>	<u>1,905</u>	<u>7,512</u>
Net increase (decrease) in cash and cash equivalents	(1,059,292)	21,981	(1,037,311)
Cash and cash equivalents - beginning of year	<u>3,630,739</u>	<u>393,805</u>	<u>4,024,544</u>
Cash and cash equivalents - end of year	<u>\$ 2,571,447</u>	<u>\$ 415,786</u>	<u>\$ 2,987,233</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year ended April 30, 2013

	<u>Water & Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,313,897	\$ (44,987)	\$ 1,268,910
Adjustments to reconcile operating income (loss) to net cash provided (applied to) operating activities:			
Depreciation	1,385,712	5,987	1,391,699
Change in assets and liabilities:			
Decrease in payroll taxes payable	-	(900)	(900)
Net cash provided by (applied to) operating activities	<u>\$ 2,699,609</u>	<u>\$ (39,900)</u>	<u>\$ 2,659,709</u>

**PRESENTATION OF CASH AND CASH
EQUIVALENTS ON THE STATEMENT OF NET
ASSETS PROPRIETARY FUNDS**

	<u>Water & Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
Cash and cash equivalents	\$ 310,791	\$ 201,606	\$ 512,397
Restricted cash and cash equivalents	<u>2,260,656</u>	<u>214,180</u>	<u>2,474,836</u>
Cash and cash equivalents at end of year	<u>\$ 2,571,447</u>	<u>\$ 415,786</u>	<u>\$ 2,987,233</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
April 30, 2013

	<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	\$ 453,261	\$ 260,689	\$ 713,950	\$ 14,712
Receivables				
Employer	286,006	593,287	879,293	-
Interest and other	27,447	18,132	45,579	-
Total receivables	313,453	611,419	924,872	-
Investments, at fair value	12,856,382	5,697,007	18,553,389	-
Total assets	<u>\$ 13,623,096</u>	<u>\$ 6,569,115</u>	<u>\$ 20,192,211</u>	<u>\$ 14,712</u>

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

(A Schedule of funding progress for
each pension plan is presented
on page 61)

<u>\$ 13,623,096</u>	<u>\$ 6,569,115</u>	<u>\$ 20,192,211</u>	<u>\$ 14,712</u>
----------------------	---------------------	----------------------	------------------

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year ended April 30, 2013

	Police Pension Trust Fund	Fire Pension Trust Fund	Total Pension Trust Funds	Private Purpose Trust Fund
<u>ADDITIONS</u>				
Contributions				
Employer	\$ 312,533	\$ 648,595	\$ 961,128	\$ -
Plan member	145,281	93,684	238,965	-
Total contributions	<u>457,814</u>	<u>742,279</u>	<u>1,200,093</u>	<u>-</u>
Investment income				
Net appreciation in fair value of investments	702,593	124,549	827,142	-
Interest income	117,363	91,556	208,919	4
Dividend income	196,664	55,114	251,778	-
Total additions	<u>1,016,620</u>	<u>271,219</u>	<u>1,287,839</u>	<u>4</u>
Total additions	<u>1,474,434</u>	<u>1,013,498</u>	<u>2,487,932</u>	<u>4</u>
<u>DEDUCTIONS</u>				
Benefits	745,743	793,878	1,539,621	-
Administrative expense	107,070	44,290	151,360	-
Total deductions	<u>852,813</u>	<u>838,168</u>	<u>1,690,981</u>	<u>-</u>
NET INCREASE	621,621	175,330	796,951	4
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES				
Beginning of year	<u>13,001,475</u>	<u>6,393,785</u>	<u>19,395,260</u>	<u>14,708</u>
End of year	<u>\$ 13,623,096</u>	<u>\$ 6,569,115</u>	<u>\$ 20,192,211</u>	<u>\$ 14,712</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2013

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 Position 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 Canton 1 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/ Social Security	Accounts for real estate taxes legally restricted for Social Security Fund and providing retirement benefits to employees.
Motor Fuel Tax	Accounts for motor fuel taxes legally restricted for street and alley improvements.
Canton 1 Tax Increment Financing District	Accounts for revenues legally restricted for development projects within the designated tax increment financing project area.
Canton 2 Tax Increment Financing District	Accounts for revenues legally restricted for development projects within the designated 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 Housing 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.
3 rd Avenue Grants	Accounts for the 3 rd Avenue grant proceeds and expenditures.
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.

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 Position 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 position (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 position.
- 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 Position 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 position/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.

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 State, Local 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, 2013.

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 Position. 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 Position. 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. 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 position 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 position – Consists of net position 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 position – All other net position 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	Contract with schools.
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 Position 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 Position, 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. FUND BALANCE

Governmental fund equity is classified as fund balance. The components of fund balance are:

- Non-spendable – consists of resources that cannot be spent because of their form.
- Restricted – consists of resources which have limitations imposed by enabling legislation and limitations imposed by creditors, grantors, or contributors.
- Committed – consists of resources which have limitations imposed by the governing board through formal action.
- Assigned – consists of resources which have limitations resulting from intended use.
- Unassigned – consists of the residual net resources of a fund.

The City's assigned fund balance is reporting authorized by the City Council.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. If different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first followed by assigned and, lastly unassigned funds.

M. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the Water and Sewer Fund. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

N. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, there are no deferred inflows of resources reported in City's financial statements.

O. 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 2012 tax levy on December 18, 2012. 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, 2013, the City had received all of its 2011 levy and none of its 2012 levy.

Following is a schedule of tax rates by fund for the 2012 levy per \$100 of equalized assessed valuation:

Fund	Rate	Maximum Allowable Rate
Governmental Fund Types:		
Corporate	.0256	.2500
Fire Protection	.1438	.1500
Police Protection	.0740	.0750
Civil Defense	.0033	.0500
I.M.R.F.	.3198	
Social Security	.1979	
Liability Insurance	.1861	
Audit	.0220	
Workman’s Compensation	.2181	
Proprietary Fund:		
Cemetery Fund	.0233	.0250
Fiduciary Fund Type:		
Fire Pension	.5298	
Police Pension	.2554	
	1.9991	

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

NOTE 3. 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, 2013 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, 2013, 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, 2013, 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	\$ 432,844	N/A	0.37
Fiduciary Funds			
Certificates of deposit	\$ 273,180	N/A	2.54
State & Local government	1,681,454	N/A	7.20
U.S. Government obligations and agency securities	5,247,460	N/A	8.56
Annuities	1,012,911	N/A	N/A
Common stock	2,831,090	N/A	N/A
Mutual funds	7,507,294	N/A	N/A
Total Fiduciary Investments	<u>\$ 18,553,389</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, 2013 are as follows:

Federal Farm Credit Banks	\$ 1,016,892
Federal Home Loan Mortgage Corp	1,072,498
Federal National Mortgage Association	1,670,418

NOTE 4.**CAPITAL ASSETS**

Capital assets activity, resulting from modified cash basis transactions, for the year ended April 30, 2013, is as follows:

	Ending Balance 4/30/2012	Additions	Deletions	Ending Balance 4/30/2013
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 35,000	\$ 34,654	\$ -	\$ 69,654
Work in progress	77,191	36,938	-	114,129
Depreciable Assets:				
Buildings & Infrastructure	8,409,447	488,189	-	8,897,636
Equipment	1,267,246	82,197	-	1,349,443
Motor Vehicles	2,561,301	219,635	249,618	2,531,318
	<u>12,350,185</u>	<u>861,613</u>	<u>249,618</u>	<u>12,962,180</u>
Accumulated depreciation				
Buildings & Infrastructure	1,108,540	282,378	-	1,390,918
Equipment	886,678	89,838	-	976,516
Motor Vehicles	2,169,100	137,547	249,618	2,057,029
	<u>4,164,318</u>	<u>509,763</u>	<u>249,618</u>	<u>4,424,463</u>
Governmental activities capital assets, net	<u>\$ 8,185,867</u>	<u>\$ 351,850</u>	<u>\$ -</u>	<u>\$ 8,537,717</u>

Depreciation expenses were charged to governmental functions:

General Government	\$ 52,688
Buildings and Grounds	2,952
Public Safety	134,130
Public Works	267,097
Community Development	17,519
Sanitation	35,377
	<u>509,763</u>
Total	<u>\$ 509,763</u>

Business-Type Activities:	Ending Balance 4/30/2012	Additions	Deletions	Ending Balance 4/30/2013
<u>Greenwood Cemetery Fund</u>				
Mowers and equipment	\$ 104,810	\$ -	\$ -	\$ 104,810
Vehicle	15,266	-	-	15,266
Fence	1,097	-	-	1,097
Building	43,685	-	-	43,685
Land improvements	9,532	-	-	9,532
	<u>174,390</u>	<u>-</u>	<u>-</u>	<u>174,390</u>
Accumulated depreciation	<u>123,668</u>	<u>5,987</u>	<u>-</u>	<u>129,655</u>
Greenwood Cemetery Fund Capital Assets, net	<u>50,722</u>	<u>(5,987)</u>	<u>-</u>	<u>44,735</u>
<u>Water & Sewer Fund</u>				
Water plant	23,058,374	245,118	-	23,303,492
Sewer plant	18,709,108	276,605	-	18,985,713
Water extensions	1,448,925	32,798	-	1,481,723
Sewer extensions	4,346,609	-	-	4,346,609
Office equipment	8,362	-	-	8,362
Water equipment	911,818	46,761	337	958,242
Sewer equipment	739,495	-	339	739,156
Work in progress	4,213,353	409,208	-	4,622,561
	<u>53,436,044</u>	<u>1,010,490</u>	<u>676</u>	<u>54,445,858</u>
Accumulated depreciation	<u>17,332,045</u>	<u>1,385,712</u>	<u>676</u>	<u>18,717,081</u>
Water and Sewer Fund Capital Assets, net	<u>36,103,999</u>	<u>(375,222)</u>	<u>-</u>	<u>35,728,777</u>
Total business-type activity capital asset, net	<u>\$36,154,721</u>	<u>\$ (381,209)</u>	<u>\$ -</u>	<u>\$35,773,512</u>

NOTE 5. LONG-TERM DEBT

The following is a summary of the changes in each type of long-term debt:

	Balance April 30, 2012	Additions	Reductions	Balance April 30, 2013	Amounts Due within One Year
Changes in governmental activities Long-Term Debt:					
Contracts and loans payable:					
Brownfield Repayment	\$ -	\$ 201,338	\$ -	\$ 201,338	\$ -
Rural Development loan	80,000	-	40,000	40,000	40,000
2011 Debt Certificate	7,000,000	-	-	7,000,000	100,000
Total long-term debt, governmental activities	<u>\$ 7,080,000</u>	<u>\$ 201,338</u>	<u>\$ 40,000</u>	<u>\$ 7,241,338</u>	<u>\$ 140,000</u>
Changes in business-type activities Long-Term Debt:					
IL EPA loan	\$ 1,880,524	\$ -	\$ 155,579	\$ 1,724,945	\$ 160,131
General obligation bonds (alternate revenue source)					
2005 Series	19,905,000	-	12,310,000	7,595,000	1,375,000
2012 Series	-	10,000,000	-	10,000,000	225,000
2013 Series	-	2,810,000	-	2,810,000	70,000
Net issuance					
Premium (discount)	46,110	-	188,927	(142,817)	-
Total general obligation Bonds	<u>19,951,110</u>	<u>12,810,000</u>	<u>12,498,927</u>	<u>20,262,183</u>	<u>1,670,000</u>
Total long-term debt business-type activities	<u>\$ 21,831,634</u>	<u>\$ 12,810,000</u>	<u>\$ 12,654,506</u>	<u>\$ 21,987,128</u>	<u>\$ 1,830,131</u>

Governmental Activities Long-term Debt:

The City's governmental activities long-term debt as of April 30, 2013, consisted of the following:

Brownfields Cooperative Agreement

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 and during the year the potential liability became reasonably estimated and therefore recorded at this amount. The estimated total repayments is \$201,338, none of which is considered due currently as a repayment schedule has not been agreed to.

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>
2014	\$ 40,000	\$ 300	\$ 40,300

General Obligation Debt Certificates:

During 2012, the City issued \$7,000,000 Debt Certificates, Series 2011. This issuance is to finance various municipal improvements and to refund the outstanding balance on the 2009 debt certificate. Interest rates vary based on maturity and range from 3% to 4.625%. The debt service requirements on these debt certificates are as follows:

<u>Year Ending 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 100,000	\$ 280,118	\$ 380,118
2015	230,000	277,118	507,118
2016	255,000	267,918	522,918
2017	275,000	258,356	533,356
2018	315,000	248,732	563,732
2019	345,000	239,282	584,282
2020	370,000	228,586	598,586
2021	400,000	216,192	616,192
2022	425,000	201,792	626,792
2023	460,000	185,854	645,854
2024	495,000	167,684	662,684
2025	530,000	147,389	677,389
2026	605,000	124,864	729,864
2027	680,000	99,150	779,150
2028	730,000	70,252	800,252
2029	785,000	36,306	821,306
	<u>\$ 7,000,000</u>	<u>\$ 3,049,593</u>	<u>\$ 10,049,593</u>

Business-type Activities Long-term Debt:

The City's business-type activities long-term debt as of April 30, 2013, 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:

<u>Year ending 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 160,131	\$ 48,955	\$ 209,086
2015	164,817	44,269	209,086
2016	169,639	39,447	209,086
2017	174,603	34,483	209,086
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
	<u>\$ 1,724,945</u>	<u>\$ 261,381</u>	<u>\$ 1,986,326</u>

General Obligations Bonds (Alternate Revenue Source):

During 2013, the City issued \$12,810,000 in General Obligation Refunding Bonds Series 2012 and 2013 (Alternative Revenue Source) with an average interest rate of 2.1 percent to advance refund \$11,000,000 of outstanding 2005 Series bonds with an average interest rate of 5 percent. The net proceeds of \$12,543,108 (after payment of \$106,367 in underwriting fees, insurance, and other issuance costs) purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2005 Series bonds. As a result, \$11,000,000 of the 2005 Bond Series are considered to be defeased and the liability for those bonds has been removed from the financial statements.

As a result of the refunding, the City reduced its future cash outflows related to this debt by \$756,091 over the next 11 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$681,747. While the refunding reduced the future cash outflows, the total debt outstanding increased. This increase, net of bond issuance costs, of \$1,518,202 is recorded as a deferred charge and is being amortized on a straight-line basis over the life of the bonds.

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. During 2013, \$11,000,000 of the bonds were refunded. The remaining principal on the bonds is payable in annual installments ranging from \$1,375,000 to \$1,670,000 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 remaining bonds mature through December 1, 2017. 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, 2013, was \$17,308.

On December 19, 2012, the City issued \$10,000,000 of General Obligation Refunding Bonds (alternate revenue source). Principal on the bonds is payable in annual installments ranging from \$165,000 to \$1,725,000 due December 1. Interest on the bonds is payable semi-annually on June 1 and December 1, at rates ranging from 0.7% to 2.55%. The bonds mature through December 1, 2023. The bonds were issued at a \$125,000 discount. This discount is being amortized on a straight-line basis over the life of the bonds. The unamortized discount on the bond issue at April 30, 2013, was \$125,000.

On February 12, 2013, the City issued \$2,810,000 of General Obligation Refunding Bonds (alternate revenue source). Principal on the bonds is payable in annual installments ranging from \$50,000 to \$450,000 due December 1. Interest on the bonds is payable semi-annually on June 1 and December 1, at rates ranging from 0.85% to 2.50%. The bonds mature through December 1, 2023. The bonds were issued at a \$35,125 discount. This discount is being amortized on a straight-line basis over the life of the bonds. The unamortized discount on the bond issue at April 30, 2013, was \$35,125.

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.

Bond debt service requirements to maturity are as follows:

<u>Year ending 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,670,000	\$ 579,209	\$ 2,249,209
2015	1,665,000	535,265	2,200,265
2016	1,740,000	461,145	2,201,145
2017	1,815,000	382,905	2,197,905
2018	1,885,000	314,915	2,199,915
2019	1,955,000	241,765	2,196,765
2020	1,990,000	210,485	2,200,485
2021	2,025,000	174,665	2,199,665
2022	2,065,000	133,950	2,198,950
2023	2,110,000	88,310	2,198,310
2024	1,485,000	37,670	1,522,670
	<u>\$ 20,405,000</u>	<u>\$ 3,160,284</u>	<u>\$ 23,565,284</u>

NOTE 6. DEFICIT FUND BALANCES

The following City funds have a deficit fund/equity balance as of April 30, 2013.

3 rd Avenue Grants	\$73,426
Civil Defense	82,843
IMRF/Social Security	26,477
Canton 2 TIF	36,066

NOTE 7. 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 8.**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 2012 used by the employer was 12.56 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 13.49 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 calendar year ending December 31, 2012, the City's annual pension cost was \$416,042 for the Regular plan. Its required contribution was \$446,848.

TREND INFORMATION

<u>Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$446,848	93%	\$-
12/31/11	437,308	88	-
12/31/10	420,419	80	-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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 at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 66.86% funded. The actuarial accrued liability for benefits was \$9,843,591 and the actuarial value of assets was \$6,581,636, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,261,955. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$3,312,437 and the ratio of the UAAL to the covered payroll was 98%.

The schedule of the fund progress, presented as other supplementary information 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.

At May 1, 2012, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries currently Receiving Benefits	17
Terminated Employees Entitles to Benefits but not yet Receiving Them	<u>2</u>
	19
Current Employees	<u>24</u>
Total	<u><u>43</u></u>

Funding Policy:

The Recommended contribution is based on the Funding Policy for the Plan. A Funding Policy has three key numerical components:

1. The Actuarial Cost Method: The Actuarial Cost Method creates a contribution pattern for each year of an employee’s working career (“Normal Cost” contributions). In addition the Actuarial Cost Method can measure how well the funding is progressing to date.
2. Amortization Policy: When Plan funding is not where expected (according to plan), procedures are put into place to pay down any shortfall. This leads to a second piece of the cash contribution (the “Amortization Payment”).

3. Actuarial Value of Assets: Fluctuations in the plans assets due to short-term gains and losses may be smoothed over some period of time to minimize long-term contribution volatility.

Actuarial Cost Method:

The Actuarial Cost Method under the Funding Policy is the Entry Age Normal (EAN) Cost Method (as a percent of payroll). The EAN method creates a pattern of contributions over employee working careers that are expected to be stable as a percent of payroll over time, creating equity over generations of taxpayers.

Amortization Policy:

The Funding Policy establishes that the unfunded liability (up to 90% of liability) as of 4/30/2012 will be amortized on a level dollar basis over 30 years. Future changes in unfunded will be handled separately.

The Police Pension Plan provides retirement benefits as well as death and disability benefits.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves 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.

Annual Pension Cost and Net Pension Obligation – The City’s annual pension cost of \$285,696 was equal to the required and actual contribution. The City obtained an actuarial valuation for the year ending May 1, 2012. The City based the current year contribution based on the 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 five-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 May 1, 2012, is 30 years.

Annual Pension Cost and Net Pension Obligation – The City’s annual pension cost and net pension obligation to the Police Pension Fund for fiscal year ended April 30, 2013 were:

Annual required contributions	\$304,916
Interest on net pension obligations	-
Adjustments to annual required contribution	<u>(19,220)</u>
Annual pension cost	285,696
Annual contributions made	<u>286,000</u>
Decrease in net pension obligation	(304)
Net pension obligation, beginning of year	<u>17,046</u>
Net pension obligation, end of year	<u><u>\$ 16,742</u></u>

<u>Three-Year Trend Information</u>			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$285,696	100.1%	-
2012	N/A	N/A	N/A
2011	293,312	100.0	-

As of May 1, 2012, the most recent actuarial valuation date, the Police Pension Plan was 90.48% funded. The actuarial accrued liability for benefits was \$15,204,627 and the actuarial value of assets was \$13,756,552, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,448,05. The covered payroll (annual payroll of active employees covered by the plan) was \$1,294,929 and the ratio of the UAAL to the covered payroll was 111.83%.

The schedule of funding progress, presented as other supplementary information 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. At May 1, 2012, the Fire Pension Plan membership consisted of:

Retirees and Beneficiaries currently		
Receiving Benefits	21	
Terminated Employees Entitles to		
Benefits but not yet Receiving Them	<u>-</u>	
	21	
Current Employees	<u>16</u>	
Total		<u><u>37</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 100% of its 2013 actuarially calculated contribution of \$593,270. The Fire Pension Fund's unfunded actuarial liability is being amortized as a level percentage of projected payroll. The remaining amortization period at May 1, 2012, is 27 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 prior year were as follows:

Annual required contributions	\$593,270
Interest on net pension obligations	-
Adjustments to annual required contribution	<u>-</u>
Annual pension cost	593,270
Annual contributions made	<u>593,270</u>
Increase in net pension obligation	-
Net pension obligation, beginning of year	<u>27,681</u>
Net pension obligation, end of year	<u><u>\$ 27,681</u></u>

The City obtained an actuarial valuation for the year ending April 30, 2013. The City based the current year contribution 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	Percentage	
	Pension Cost (APC)	of APC Contributed	Net Pension Obligation
2013	\$593,270	\$593,270	-
2012	N/A	N/A	N/A
2011	541,145	99.6	27,681

As of May 1, 2012, 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, (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 other supplementary information 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

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 9. 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 total \$787,608.

NOTE 10. INTERFUND BALANCES AND TRANSACTIONS

The following schedule reports interfund receivables and payables:

<u>Amount</u>	<u>Due to:</u>	<u>Due from:</u>
\$ 201,975	General Fund	Enterprise Fund: Water and Sewer
53,564	General Fund	Special Revenue Fund: Canton 2 TIF
82,843	General Fund	Special Revenue Fund: Civil Defense
26,477	General Fund	Special Revenue Fund: IMRF/Soc Sec
465,688	Special Revenue Fund: Working Cash	General Fund
191,562	Special Revenue Fund: Canton 1 TIF	General Fund
73,426	Special Revenue Fund: Canton 1 TIF	Capital Projects Fund: 3 rd Avenue

NOTE 11. COMMITMENT/SUBSEQUENT EVENTS

As of April 30, 2013, the City had approved and was committed to pay for the following significant projects:

- \$154,495 contract for Software conversion, contract balance of \$65,960;
- \$350,528 contract for Filter Rehabilitation, contract balance of \$111,152;
- \$119,835 contract for South side sewage pumping station, contract balance of \$119,835;
- \$8,990 contract for 231 N 5th Avenue Demo; contract balance of \$8,990

Subsequent to year end, the City approved \$1,067,235 for various TIF redevelopment projects.

The City has evaluated subsequent events through December 16, 2013, the date which the financial statements were available to be issued.

NOTE 12. CONTINGENCIES

LITIGATION

The City is the defendant in several claims and lawsuits. Based on information of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 13. POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note 8, 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, 2013, 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 \$7,904,545. The \$7,904,545 unfunded actuarial accrued liability (UAAL) is comprised of \$3,756,383 for active employees and \$4,148,162 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 \$7,904,545 unfunded actuarial accrued liability (UAAL) is equal to the \$7,904,545 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 \$738,573.

NOTE 14. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

The City early implemented GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*. This early implementation affected the way the City accounts for bond issuance costs. Prior to the implementation of GASB Statement No. 65, bond issuance costs were capitalized and amortized over the life of the bonds. With implementation, GASB Statement No. 65 required the expensing of these costs when incurred. Total bond issuance costs expensed during the year were \$106,367.

SUPPLEMENTARY INFORMATION

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND
Year ended April 30, 2013

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
<u>Resources (inflows):</u>				
Local taxes:				
Property taxes	\$ 1,546,729	\$ 1,546,729	\$ 1,590,123	\$ 43,394
Utility tax	765,000	765,000	660,137	(104,863)
Telecommunications tax	340,000	340,000	318,403	(21,597)
Hotel/Motel taxes	50,000	50,000	61,060	11,060
Total local taxes	2,701,729	2,701,729	2,629,723	(72,006)
Intergovernmental:				
Sales tax	2,860,000	2,860,000	2,788,475	(71,525)
Income tax	1,250,000	1,250,000	1,549,670	299,670
Replacement tax	210,000	210,000	67,682	(142,318)
State reimbursements & grants	9,000	9,000	13,171	4,171
Federal grants	-	-	2,252	2,252
Total intergovernmental	4,329,000	4,329,000	4,421,250	92,250
Other:				
License and permits	98,000	98,000	66,380	(31,620)
Franchise fees	141,000	141,000	234,081	93,081
Fines and forfeitures	82,000	82,000	90,284	8,284
Charges for services	500,000	500,000	551,331	51,331
Donations	8,500	8,500	3,582	(4,918)
Interest income	25,000	25,000	17,626	(7,374)
Miscellaneous	108,300	108,300	174,825	66,525
Total other	962,800	962,800	1,138,109	175,309
Total resources (inflows)	7,993,529	7,993,529	8,189,082	195,553

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND (Continued)
Year ended April 30, 2013

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
<u>Charges to expenditures (outflows):</u>				
General government:				
Salaries and benefits	\$ 651,930	\$ 651,930	\$ 715,631	\$ (63,701)
Supplies	22,900	22,900	20,160	2,740
Contractual services	759,131	759,131	779,547	(20,416)
Other charges and services	94,500	94,500	88,172	6,328
Capital outlay	19,500	19,500	45,549	(26,049)
Total general government	1,547,961	1,547,961	1,649,059	(101,098)
Public safety:				
Police:				
Salaries and benefits	2,687,701	2,687,701	2,850,921	(163,220)
Supplies	129,248	129,248	106,386	22,862
Contractual services	129,111	129,111	100,007	29,104
Capital outlay	71,600	71,600	66,575	5,025
Total police	3,017,660	3,017,660	3,123,889	(106,229)
Fire:				
Salaries and benefits	1,928,021	1,928,021	1,937,880	(9,859)
Supplies	52,052	52,052	43,465	8,587
Contractual services	69,616	69,616	62,840	6,776
Capital outlay	69,900	69,900	128,677	(58,777)
Total fire	2,119,589	2,119,589	2,172,862	(53,273)
Public Works/Transportation:				
Streets:				
Salaries and benefits	450,618	450,618	467,336	(16,718)
Supplies	188,000	188,000	148,364	39,636
Contractual services	143,550	143,550	128,110	15,440
Capital outlay	80,000	80,000	114,242	(34,242)
Total public works/ transportation	862,168	862,168	858,052	4,116

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND (Continued)
Year ended April 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET</u>
Buildings and Grounds:				
Salaries and benefits	\$ 128,527	\$ 128,527	\$ 144,065	\$ (15,538)
Supplies	27,574	27,574	25,381	2,193
Contractual services	15,900	15,900	19,236	(3,336)
Capital outlay	-	-	14,102	(14,102)
	<hr/>	<hr/>	<hr/>	<hr/>
Total buildings and grounds	172,001	172,001	202,784	(30,783)
	<hr/>	<hr/>	<hr/>	<hr/>
Sanitation:				
Salaries and benefits	271,886	271,886	219,822	52,064
Supplies	71,090	71,090	65,985	5,105
Contractual services	232,830	232,830	188,504	44,326
Capital outlay	135,000	135,000	-	135,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total sanitation	710,806	710,806	474,311	236,495
	<hr/>	<hr/>	<hr/>	<hr/>
Debt Service:				
Principal	40,000	40,000	40,000	-
Interest expense	700	700	700	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total debt service	40,700	40,700	40,700	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Proceeds from sale of equipment	-	-	131,014	131,014
Operating transfers out:	(62,562)	(62,562)	(60,185)	2,377
Total other financing sources (uses)	(62,562)	(62,562)	70,829	133,391
	<hr/>	<hr/>	<hr/>	<hr/>
Total charges to expenditures	8,533,447	8,533,447	8,450,828	82,619
	<hr/>	<hr/>	<hr/>	<hr/>
BUDGETARY FUND				
BALANCE, ENDING	\$ (539,918)	\$ (539,918)	\$ (261,746)	\$ 112,934
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
CANTON 1 TAX INCREMENT FINANCING DISTRICT FUND
Year ended April 30, 2013

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
<u>REVENUES RECEIVED</u>				
Local taxes	\$ 400,000	\$ 400,000	\$ 626,119	\$ 226,119
Interest	4,000	4,000	2,299	(1,701)
Other	-	-	1,210	1,210
	<u>404,000</u>	<u>404,000</u>	<u>629,628</u>	<u>225,628</u>
<u>EXPENDITURES DISBURSED</u>				
Community development	8,638,308	8,638,308	523,974	8,114,334
Capital outlay	-	-	102,461	(102,461)
Debt service:				
Interest	-	-	291,012	(291,012)
	<u>8,638,308</u>	<u>8,638,308</u>	<u>917,447</u>	<u>7,720,861</u>
Revenues received over (under) expenditures disbursed before other financing sources (uses)	(8,234,308)	(8,234,308)	(287,819)	7,946,489
Other financing sources (uses):				
Operating transfers in	-	-	30,462	30,462
Operating transfers out	-	-	(20,280)	(20,280)
	<u>\$ (8,234,308)</u>	<u>\$ (8,234,308)</u>	<u>\$ (277,637)</u>	<u>\$ 7,956,671</u>

CITY OF CANTON, ILLNOIS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -
MODIFIED CASH BASIS -
NON-MAJOR GOVERNMENTAL FUNDS
April 30, 2013

	Total Non-Major Special Revenue Funds	Total Non- Major Capital Project Funds	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash	\$ 939,870	\$ 273,077	\$ 1,212,947
DCCA loans receivable	66,643	-	66,643
Due from other funds	465,688	-	465,688
	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,472,201	\$ 273,077	\$ 1,745,278
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ 162,884	\$ 73,426	\$ 236,310
	<hr/>	<hr/>	<hr/>
Fund balances (deficit):			
Restricted	892,895	273,077	1,165,972
Assigned	561,136	-	561,136
Unassigned	(144,714)	(73,426)	(218,140)
	<hr/>	<hr/>	<hr/>
Total fund balances (deficit)	1,309,317	199,651	1,508,968
	<hr/>	<hr/>	<hr/>
Total liabilities & fund balances (deficit)	\$ 1,472,201	\$ 273,077	\$ 1,745,278
	<hr/>	<hr/>	<hr/>

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, 2013

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
<u>REVENUES</u>			
Local taxes:			
Property taxes	\$ 576,714	\$ -	\$ 576,714
Intergovernmental:			
Motor fuel taxes	357,043	-	357,043
Replacement taxes	57,958	-	57,958
Pull tab & jar games tax	3,323	-	3,323
Grant proceeds	189,911	820,999	1,010,910
Fines and forfeitures	10,313	-	10,313
Interest	3,845	17	3,862
Other	725	-	725
	<hr/>	<hr/>	<hr/>
Total revenues	1,199,832	821,016	2,020,848
<u>EXPENDITURES</u>			
General governmental	678,137	-	678,137
Public safety			
Civil defense	7,201	-	7,201
Law enforcement	12,454	-	12,454
Public works/transportation:			
Capital outlay	390,007	-	390,007
Community development:			
Other	189,350	2,276	191,626
	<hr/>	<hr/>	<hr/>
Total expenditures	1,277,149	2,276	1,279,425
Revenue received over (under) expenditures	(77,317)	818,740	741,423
Other financing sources (uses):			
Operating transfers in (out)	20,280	(30,675)	(10,395)
	<hr/>	<hr/>	<hr/>
Revenue received and other financing sources over (under) expenditures disbursed and other financing uses	(57,037)	788,065	731,028
Fund balance (deficit), beginning	1,366,354	(588,414)	777,940
	<hr/>	<hr/>	<hr/>
Fund balance (deficit), ending	\$ 1,309,317	\$ 199,651	\$ 1,508,968
	<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, 2013

	Working Cash	Civil Defense	Illinois Municipal Retirement Fund/Social Security	Motor Fuel Tax	Canton 2 Tax Increment Financing District
<u>ASSETS</u>					
Cash	\$ 95,448	\$ -	\$ -	\$ 715,803	\$ 17,498
Due from general fund	465,688	-	-	-	-
DCCA loans receivable	-	-	-	-	-
Total assets	<u>\$ 561,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,803</u>	<u>\$ 17,498</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to general fund	\$ -	\$ 82,843	\$ 26,477	\$ -	\$ 53,564
Fund Balances (deficit):					
Restricted	-	-	-	715,803	-
Assigned	561,136	-	-	-	-
Unassigned	-	(82,843)	(26,477)	-	(36,066)
Total fund balances	<u>561,136</u>	<u>(82,843)</u>	<u>(26,477)</u>	<u>715,803</u>	<u>(36,066)</u>
Total liabilities & fund balances (deficit)	<u>\$ 561,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,803</u>	<u>\$ 17,498</u>

Audit	Drug Prevention	DUI Fund	Gambling	CDAP Housing Grant	DCCA Loan Fund	Total Non- Major Special Revenue Funds
\$ 718	\$ 85,933	\$ 6,981	\$ 672	\$ -	16,817	\$ 939,870
-	-	-	-	-	-	465,688
-	-	-	-	-	66,643	66,643
<u>\$ 718</u>	<u>\$ 85,933</u>	<u>\$ 6,981</u>	<u>\$ 672</u>	<u>\$ -</u>	<u>\$ 83,460</u>	<u>\$ 1,472,201</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,884</u>
718	85,933	6,981	-	-	83,460	892,895
-	-	-	-	-	-	561,136
-	-	-	672	-	-	(144,714)
<u>718</u>	<u>85,933</u>	<u>6,981</u>	<u>672</u>	<u>-</u>	<u>83,460</u>	<u>1,309,317</u>
<u>\$ 718</u>	<u>\$ 85,933</u>	<u>\$ 6,981</u>	<u>\$ 672</u>	<u>\$ -</u>	<u>\$ 83,460</u>	<u>\$ 1,472,201</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, 2013

	Working Cash	Civil Defense	Illinois Municipal Retirement Fund/Social Security	Motor Fuel Tax	Canton 2 Tax Increment Financing District
<u>REVENUES</u>					
Property taxes	\$ -	\$ 3,598	\$ 546,141	\$ -	\$ -
Intergovernmental:					
Motor fuel taxes	-	-	-	357,043	-
Replacement taxes	-	-	57,958	-	-
Pull tab & jar games tax	-	-	-	-	-
Grant proceeds	-	-	-	66,391	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	-	1,229	7
Other	-	-	-	-	-
Total revenues	-	3,598	604,099	424,663	7
<u>EXPENDITURES</u>					
General government	-	-	652,009	-	-
Public safety					
Civil defense	-	7,201	-	-	-
Law enforcement	-	-	-	-	-
Public works/transportation:					
Capital outlay	-	-	-	381,167	8,840
Community development:					
Other	-	-	-	-	47,513
Total expenditures	-	7,201	652,009	381,167	56,353
Revenue received over (under) expenditures	-	(3,603)	(47,910)	43,496	(56,346)
Other financing sources (uses):					
Operating transfers in (out)	-	-	-	-	20,280
Revenue received and other financing sources over (under) expenditures disbursed and other financing uses	-	(3,603)	(47,910)	43,496	(36,066)
Fund balance (deficit), beginning	561,136	(79,240)	21,433	672,307	-
Fund balance (deficit), ending	<u>\$ 561,136</u>	<u>\$ (82,843)</u>	<u>\$ (26,477)</u>	<u>\$ 715,803</u>	<u>\$ (36,066)</u>

Audit	Drug Prevention	DUI Fund	Gambling	CDAP Housing Grant	DCCA Loan Fund	Total Non-Major Special Revenue Funds
\$ 26,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 576,714
-	-	-	-	-	-	357,043
-	-	-	-	-	-	57,958
-	-	-	3,323	-	-	3,323
-	-	-	-	123,520	-	189,911
-	5,955	4,358	-	-	-	10,313
-	-	-	-	-	2,609	3,845
-	-	200	-	-	525	725
26,975	5,955	4,558	3,323	123,520	3,134	1,199,832
26,128	-	-	-	-	-	678,137
-	-	-	-	-	-	7,201
-	5,762	3,497	3,195	-	-	12,454
-	-	-	-	-	-	390,007
-	-	-	-	141,837	-	189,350
26,128	5,762	3,497	3,195	141,837	-	1,277,149
847	193	1,061	128	(18,317)	3,134	(77,317)
-	-	-	-	-	-	20,280
847	193	1,061	128	(18,317)	3,134	(57,037)
(129)	85,740	5,920	544	18,317	80,326	1,366,354
\$ 718	\$ 85,933	\$ 6,981	\$ 672	\$ -	\$ 83,460	\$ 1,309,317

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF ASSETS, LIABILITES, AND FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR CAPITAL PROJECTS FUNDS
April 30, 2013

	Illinois Brownfield Grant	3rd Avenue Grants	USEPA Brownfield Grant	IT&EC Environmental Escrow	Total Non- Major Capital Project Funds
<u>ASSETS</u>					
Cash	\$ -	\$ -	\$ -	\$ 273,077	\$ 273,077
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to Canton TIF 1 Fund	\$ -	\$ 73,426	\$ -	\$ -	\$ 73,426
Fund balances:					
Restricted	-	-	-	273,077	273,077
Unassigned	-	(73,426)	-	-	(73,426)
	-	(73,426)	-	273,077	199,651
Total Liabilities & Fund Balances	\$ -	\$ -	\$ -	\$ 273,077	\$ 273,077

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, 2013

	Illinois Brownfield <u>Grant</u>	3rd Avenue Grants <u> </u>	USEPA Brownfield <u>Grant</u>	IT&EC Environmental <u>Escrow</u>	Total Non- Major Capital <u>Project Funds</u>
<u>REVENUES</u>					
Intergovernmental:					
Grant proceeds	\$ -	\$ 820,999	\$ -	\$ -	\$ 820,999
Other					
Interest	-	-	-	17	17
Total revenues	<u>-</u>	<u>820,999</u>	<u>-</u>	<u>17</u>	<u>821,016</u>
<u>EXPENDITURES</u>					
Community Development:					
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,276</u>	<u>2,276</u>
Revenue received over (under) expenditures	-	820,999	-	(2,259)	818,740
Other financing sources (uses):					
Operating transfers in (out)	<u>(213)</u>	<u>(12,441)</u>	<u>(18,021)</u>	<u>-</u>	<u>(30,675)</u>
Revenue received and other financing sources over (under) expenditures disbursed and other financing uses	(213)	808,558	(18,021)	(2,259)	788,065
Fund balance (deficit), beginning	<u>213</u>	<u>(881,984)</u>	<u>18,021</u>	<u>275,336</u>	<u>(588,414)</u>
Fund balance (deficit), ending	<u><u>\$ -</u></u>	<u><u>\$ (73,426)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 273,077</u></u>	<u><u>\$ 199,651</u></u>

CITY OF CANTON, ILLINOIS
SCHEDULE OF OPERATING EXPENDITURES OTHER THAN DEPRECIATION -
WATER AND SEWER FUND
Year ended April 30, 2013

	<u>General Administration</u>	<u>System Maintenance</u>	<u>Water</u>	<u>Waste- Water</u>
Salaries and wages	\$ 88,422	\$ 335,614	\$ 549,066	\$ 477,433
Group insurance	18,583	93,999	128,266	118,111
Maintenance:				
System	-	-	-	107,817
Building	-	-	4,033	8,421
Equipment	2,501	4,748	19,854	43,221
Utilities	24	5,947	128,771	165,139
Travel and training	-	-	602	7,162
Fuel and oil	-	14,253	15,189	17,224
Services	27,148	18,881	102,688	6,802
Supplies:				
Office	16,358	-	310	2,433
Maintenance	-	69,839	13,203	9,600
Operating	-	18,282	380,372	28,854
Rentals	-	2,558	-	-
Other	505	2,950	1,237	61
Total	<u><u>\$ 153,541</u></u>	<u><u>\$ 567,071</u></u>	<u><u>\$ 1,343,591</u></u>	<u><u>\$ 992,278</u></u>

<u>Meters</u>	<u>Lake</u>	<u>Total</u>
\$ 103,181	\$ 22,141	\$ 1,575,857
13,945	-	372,904
-	16,857	124,674
-	-	12,454
36,235	2,380	108,939
676	15,705	316,262
-	-	7,764
6,545	-	53,211
-	2,908	158,427
-	-	19,101
-	-	92,642
2,109	1,373	430,990
-	-	2,558
-	1,865	6,618
<u>\$ 162,691</u>	<u>\$ 63,229</u>	<u>\$ 3,282,401</u>

OTHER SUPPLEMENTARY INFORMATION

**CITY OF CANTON, ILLINOIS
REQUIRED SUPPLEMENTARY 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)
12/31/2012	\$ 6,581,636	\$ 9,843,591	\$ 3,261,955	66.86%	\$ 3,312,437	98.48%
12/31/2011	6,315,286	9,473,027	3,157,741	66.67%	3,389,988	93.15%
12/31/2010	6,500,155	8,884,651	2,384,496	73.16%	3,158,668	75.49%

On a market value basis, the actuarial value of assets as of December 31, 2012, is \$6,848,729.
On a market value basis, the funded ratio would be 69.58%.

**CITY OF CANTON, ILLINOIS
REQUIRED SUPPLEMENTARY 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)
5/1/2012	\$ 13,756,552	\$ 15,204,627	90.48%	\$ 1,448,075	\$ 1,294,929	111.83%
5/1/2011	N/A	N/A	N/A	N/A	N/A	N/A
5/1/2010	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)
5/1/2012	\$ 6,554,177	\$ 15,163,448	43.22%	\$ 8,609,271	\$ 925,880	929.85%
5/1/2011	N/A	N/A	N/A	N/A	N/A	N/A
5/1/2010	5,864,602	12,583,152	46.61%	6,718,550	933,420	719.78%

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

	2012 Tax Levy Year*				
	Levy	Rate	Extension	Collections	Levy
<u>General Fund:</u>					
Corporate	\$ 28,644	0.0256	\$ 28,668	-	\$ 19,675
Fire Protection	161,025	0.1438	161,032	-	160,954
Police Protection	82,764	0.0740	82,868	-	82,673
Street & Bridge**	-	-	-	-	-
Liability Insurance	208,319	0.1861	208,401	-	208,275
Workmen's					
Compensation	244,127	0.2181	244,236	-	244,092
<u>Special Revenue Funds:</u>					
Civil Defense	3,600	0.0033	3,695	-	3,600
Social Security	221,606	0.1979	221,615	-	221,504
I.M.R.F.	358,094	0.3198	358,123	-	325,530
Audit	24,600	0.0220	24,636	-	27,000
<u>Enterprise Fund:</u>					
Cemetery	26,000	0.0233	26,092	-	26,000
<u>Pension Trust Funds:</u>					
Police Pension	286,000	0.2554	286,006	-	283,313
Fire Pension	593,270	0.5298	593,288	-	483,922
	<u>\$ 2,238,049</u>	<u>1.9991</u>	<u>\$ 2,238,660</u>	<u>\$ -</u>	<u>\$ 2,086,538</u>
Assessed valuation		<u>\$ 120,908,595</u>			

* Collections of 2012 tax levies not received until after April 30, 2013.

** 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, 2013, was \$83,656

2011 Tax Levy Year				2010 Tax Levy Year		
Rate	Extension	Collections	Levy	Rate	Extension	Collections
0.0175	\$ 19,706	\$ 19,667	\$ -	-	\$ -	\$ -
0.1430	161,025	160,728	150,000	0.1330	150,062	149,972
0.0735	82,764	82,613	72,000	0.0639	72,098	72,054
-	-	-	-	-	-	-
0.1850	208,319	207,937	190,905	0.1692	190,906	190,792
0.2168	244,127	243,678	230,000	0.2039	230,058	229,919
0.0032	3,603	3,598	3,676	0.0033	3,723	3,722
0.1968	221,606	221,198	215,000	0.1906	215,052	214,922
0.2891	325,540	324,943	305,000	0.2704	305,089	304,905
0.0240	27,025	26,975	27,000	0.0240	27,079	27,064
0.0231	26,012	25,965	26,000	0.0231	26,063	26,049
0.2516	283,313	282,794	283,284	0.2511	283,313	283,039
0.4298	483,975	483,085	483,810	0.4289	483,922	483,630
1.8534	\$ 2,087,015	\$ 2,083,181	\$ 1,986,675	1.7614	\$ 1,987,365	\$ 1,986,068
<u>\$ 119,185,324</u>			<u>\$ 118,801,563</u>			