



Phillips, Salmi & Associates, LLC  
Certified Public Accountants

**CITY OF CANTON, ILLINOIS  
FINANCIAL STATEMENTS  
For the year ended April 30, 2014**

## TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 – 2
<b>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></b>	3 – 4
<b>BASIC FINANCIAL STATEMENTS:</b>	
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
<b>SUPPLEMENTARY INFORMATION:</b>	
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
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

Honorable Mayor and Members of the City Council  
City of Canton, Illinois

We have audited the accompanying financial statements of the Canton 1 and Canton 2 Incremental Tax Funds of the City of Canton, Illinois, as of and for the year ended April 30, 2014, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes 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 opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Canton 1 and Canton 2 Incremental Tax Funds of the City of Canton, Illinois, as of April 30, 2014, and the changes in financial position for the year then ended in conformity with the modified cash basis of accounting.

## ***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, 2014, 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, 2014, 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 63 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*

November 25, 2014

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Canton, Illinois as of and for the year ended April 30, 2014, and the notes to the financial statements, which collectively comprise the City of Canton, Illinois' basic financial statements and have issued our report thereon dated November 25, 2014. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Canton, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Canton, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Canton, Illinois' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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*

November 25, 2014

**CITY OF CANTON, ILLINOIS**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**April 30, 2014**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,207,868	\$ 489,465	\$ 3,697,333
Investments	481,938	-	481,938
Restricted assets	-	2,702,803	2,702,803
Due from other governments	11,564	-	11,564
Internal Balances	(12,447)	12,447	-
Economic development loans receivable	52,324	-	52,324
Capital Assets:			
Non-depreciable	281,480	5,038,283	5,319,763
Depreciable, net	8,787,762	30,391,171	39,178,933
 Total Assets	 <u>\$ 12,810,489</u>	 <u>\$ 38,634,169</u>	 <u>\$ 51,444,658</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Bond refunding deferred charges	\$ -	\$ 1,380,184	\$ 1,380,184
<b><u>LIABILITIES</u></b>			
Payroll liabilities payable	\$ 4,358	\$ -	\$ 4,358
Current portion of bonds and loans payable	295,000	1,829,817	2,124,817
Non-Current Liabilities:			
Bonds payable after one year	-	16,938,278	16,938,278
Loans due after one year	6,806,338	1,399,997	8,206,335
 Total Liabilities	 <u>7,105,696</u>	 <u>20,168,092</u>	 <u>27,273,788</u>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	1,967,904	16,769,652	18,737,556
Restricted for:			
System improvements	-	1,352,897	1,352,897
Debt service	-	935,766	935,766
Operations and maintenance	-	155,393	155,393
Repair and replacement	-	10,818	10,818
Perpetual care and maintenance	-	247,929	247,929
Special police expenditures	92,534	-	92,534
Workers compensation insurance	96,613	-	96,613
Redevelopment	1,553,083	-	1,553,083
Retirement	72,630	-	72,630
Motor Fuel Tax	629,573	-	629,573
Small business loans	86,310	-	86,310
Capital projects	272,494	-	272,494
Unrestricted (deficit)	933,652	373,806	1,307,458
 Total Net Position	 <u>5,704,793</u>	 <u>19,846,261</u>	 <u>25,551,054</u>
	 <u>\$ 12,810,489</u>	 <u>\$ 40,014,353</u>	 <u>\$ 52,824,842</u>

See Notes to Financial Statements.



**CITY OF CANTON, ILLINOIS**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**Year ended April 30, 2014**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b>Program Revenues</b>		
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>
<b>Primary government:</b>				
<b>Governmental activities</b>				
General government	\$ 2,474,404	\$ 90,972	\$ 3,166	\$ -
Public safety	5,159,236	50,719	7,924	29,577
Public works	1,059,503	265,352	-	107,749
Community development	1,551,667	-	-	-
Buildings and grounds	187,080	-	-	-
Sanitation	556,174	476,130	-	-
Interest on long-term debt	280,919	-	-	-
<b>Total governmental activities</b>	<b>11,268,983</b>	<b>883,173</b>	<b>11,090</b>	<b>137,326</b>
<b>Business-type activities:</b>				
Water and sewer utilities	5,441,655	5,912,515	-	-
Cemetery operations	105,238	59,575	-	-
<b>Total business-type activities</b>	<b>5,546,893</b>	<b>5,972,090</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 16,815,876</b>	<b>\$ 6,855,263</b>	<b>\$ 11,090</b>	<b>\$ 137,326</b>
<b>General Revenues</b>				
Local taxes				
State taxes and allotments				
Interest and investment income				
Miscellaneous				
Gain on sale of fixed assets				
Transfers in (out)				
<b>Total general revenues, special items and transfers</b>				
<b>Change in net position</b>				
<b>Net position - beginning</b>				
<b>Net position - ending</b>				

See Notes to Financial Statements.

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

Governmental Activities	Business-type Activities	Total
\$ (2,380,266)	\$ -	\$ (2,380,266)
(5,071,016)	-	(5,071,016)
(686,402)	-	(686,402)
(1,551,667)	-	(1,551,667)
(187,080)	-	(187,080)
(80,044)	-	(80,044)
(280,919)	-	(280,919)
(10,237,394)	-	(10,237,394)
-	470,860	470,860
-	(45,663)	(45,663)
-	425,197	425,197
(10,237,394)	425,197	(9,812,197)
4,116,210	-	4,116,210
4,753,669	-	4,753,669
14,786	16,143	30,929
162,697	-	162,697
88,691	-	88,691
(73,970)	73,970	-
9,062,083	90,113	9,152,196
(1,175,311)	515,310	(660,001)
6,880,104	19,330,951	26,211,055
\$ 5,704,793	\$ 19,846,261	\$ 25,551,054

See Notes to Financial Statements.

**CITY OF CANTON, ILLINOIS**  
**STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY**  
**MODIFIED CASH BASIS - GOVERNMENTAL FUND TYPES**  
**April 30, 2014**

	<b>General</b>	<b>Canton 1 Tax Increment Financing District</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,037,051	\$ 1,427,650	\$ 743,167	\$ 3,207,868
Investments	-	-	481,938	481,938
DCCA loans receivable	-	-	52,324	52,324
Due from other governments	10,452	1,112	-	11,564
Due from other funds	1,016,884	295,000	465,688	1,777,572
	<u>\$ 2,064,387</u>	<u>\$ 1,723,762</u>	<u>\$ 1,743,117</u>	<u>\$ 5,531,266</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Current liabilities:				
Due to other funds	\$ 484,168	\$ 170,679	\$ 1,135,172	\$ 1,790,019
Payroll taxes withheld	4,358	-	-	4,358
	<u>488,526</u>	<u>170,679</u>	<u>1,135,172</u>	<u>1,794,377</u>
Fund equity:				
Fund balances:				
Restricted for:				
Special police expenditures	1,441	-	91,093	92,534
Workers compensation insurance	96,613	-	-	96,613
Redevelopment	-	1,553,083	-	1,553,083
Retirement	-	-	72,630	72,630
Motor Fuel Tax	-	-	629,573	629,573
Small business loans	-	-	86,310	86,310
Capital projects	-	-	272,494	272,494
Assigned for:				
Garbage expenditures	357,107	-	-	357,107
Tourism promotion expenditures	15,506	-	-	15,506
Special police expenditures	6,602	-	-	6,602
Fire technical rescue expenditures	22,268	-	-	22,268
Working cash	-	-	561,136	561,136
Unassigned	1,076,324	-	(1,105,291)	(28,967)
	<u>1,575,861</u>	<u>1,553,083</u>	<u>607,945</u>	<u>3,736,889</u>
Total liabilities & fund balances	<u>\$ 2,064,387</u>	<u>\$ 1,723,762</u>	<u>\$ 1,743,117</u>	<u>\$ 5,531,266</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, 2014**

Total fund balance - total governmental funds	
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	\$ 3,736,889
Capital assets of \$13,994,521 net of accumulated depreciation of \$4,925,279 are not financial resources and, therefore, are not reported in the funds.	9,069,242
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	<u>(7,101,338)</u>
Net position of governmental activities	<u><u>\$ 5,704,793</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, 2014**

	<b>General</b>	<b>Canton 1 Tax Increment Financing District</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES RECEIVED</u></b>				
Local taxes	\$ 2,677,442	\$ 778,721	\$ 660,047	\$ 4,116,210
Intergovernmental	4,300,443	-	554,118	4,854,561
Licenses and permits	90,972	-	-	90,972
Fines	83,098	-	8,594	91,692
Charges for services	526,849	-	-	526,849
Interest	6,758	2,868	5,160	14,786
Franchise fees	265,352	-	-	265,352
Other	118,180	-	349	118,529
	<u>8,069,094</u>	<u>781,589</u>	<u>1,228,268</u>	<u>10,078,951</u>
<b><u>EXPENDITURES DISBURSED</u></b>				
General government	1,662,371	-	755,699	2,418,070
Buildings and grounds	183,613	-	-	183,613
Public safety	5,013,002	-	15,660	5,028,662
Public works/transportation	769,631	-	1	769,632
Sanitation	520,797	-	-	520,797
Community development	-	654,659	874,625	1,529,284
Capital outlay	92,626	376,782	610,425	1,079,833
Debt service:				
Principal Repayment	40,000	100,000	-	140,000
Interest	300	280,619	-	280,919
	<u>8,282,340</u>	<u>1,412,060</u>	<u>2,256,410</u>	<u>11,950,810</u>
Revenues received over (under) expenditures disbursed before other financing sources (uses)	(213,246)	(630,471)	(1,028,142)	(1,871,859)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds from sale of equipment	98,993	-	-	98,993
Operating transfers in	8,474	-	127,119	135,593
Operating transfers out	(82,444)	(127,119)	-	(209,563)
	<u>25,023</u>	<u>(127,119)</u>	<u>127,119</u>	<u>25,023</u>
Change in fund balance	(188,223)	(757,590)	(901,023)	(1,846,836)
<b>FUND BALANCE, beginning</b>	<u>1,764,084</u>	<u>2,310,673</u>	<u>1,508,968</u>	<u>5,583,725</u>
<b>FUND BALANCE, ending</b>	<u>\$ 1,575,861</u>	<u>\$ 1,553,083</u>	<u>\$ 607,945</u>	<u>\$ 3,736,889</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, 2014**

Net change in fund balances - total governmental funds	\$ (1,846,836)
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 \$1,079,833 exceeded depreciation of \$538,006 in the current period.	
	541,827
Losses on disposal of capital assets not reported in governmental funds.	(10,302)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>140,000</u>
Change in net position of governmental activities	<u><u>\$ (1,175,311)</u></u>

See Notes to Financial Statements.

**CITY OF CANTON, ILLINOIS**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS -**  
**PROPRIETARY FUNDS**  
April 30, 2014

	<u>Water &amp; Sewer</u>	<u>Cemetery</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Unrestricted current assets:			
Cash and cash equivalents	\$ 198,404	\$ 291,061	\$ 489,465
Due from other funds	12,447	-	12,447
	<u>210,851</u>	<u>291,061</u>	<u>501,912</u>
Restricted current assets:			
Cash and cash equivalents	983,222	147,929	1,131,151
Investments	1,471,652	100,000	1,571,652
	<u>2,454,874</u>	<u>247,929</u>	<u>2,702,803</u>
Total current assets	2,665,725	538,990	3,204,715
Capital assets, net of accumulated depreciation	<u>35,377,353</u>	<u>52,101</u>	<u>35,429,454</u>
Total assets	<u>\$ 38,043,078</u>	<u>\$ 591,091</u>	<u>\$ 38,634,169</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Bond refunding deferred charges	<u>\$ 1,380,184</u>	<u>\$ -</u>	<u>\$ 1,380,184</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Current liabilities (payable from current assets):			
Current portion of long-term liabilities	<u>\$ 1,829,817</u>	<u>\$ -</u>	<u>\$ 1,829,817</u>
Long-term liabilities:			
Illinois EPA loan payable	1,399,997	-	1,399,997
Revenue bonds payable	16,938,278	-	16,938,278
	<u>18,338,275</u>	<u>-</u>	<u>18,338,275</u>
Total liabilities	<u>20,168,092</u>	<u>-</u>	<u>20,168,092</u>
Fund equity:			
Net position:			
Invested in capital assets net of related debt	16,717,551	52,101	16,769,652
Restricted for:			
System improvements	1,352,897	-	1,352,897
Debt Service	935,766	-	935,766
Operation and maintenance	155,393	-	155,393
Repair and replacement	10,818	-	10,818
Perpetual care and maintenance	-	247,929	247,929
Unrestricted	82,745	291,061	373,806
	<u>19,255,170</u>	<u>591,091</u>	<u>19,846,261</u>
Total liabilities and fund equity	<u>\$ 39,423,262</u>	<u>\$ 591,091</u>	<u>\$ 40,014,353</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, 2014**

	<u><b>Water &amp; Sewer Fund</b></u>	<u><b>Cemetery Fund</b></u>	<u><b>Total Enterprise Funds</b></u>
<b><u>OPERATING REVENUES</u></b>			
Charges for service and sales	\$ 5,850,556	\$ 59,575	\$ 5,910,131
Other income	61,959	-	61,959
	<u>5,912,515</u>	<u>59,575</u>	<u>5,972,090</u>
<b><u>OPERATING EXPENSES</u></b>			
Operations and maintenance	3,259,524	97,904	3,357,428
Depreciation	1,399,892	7,334	1,407,226
	<u>4,659,416</u>	<u>105,238</u>	<u>4,764,654</u>
Total operating revenues	<u>5,912,515</u>	<u>59,575</u>	<u>5,972,090</u>
Total operating expenses	<u>4,659,416</u>	<u>105,238</u>	<u>4,764,654</u>
Operating income (loss)	<u>1,253,099</u>	<u>(45,663)</u>	<u>1,207,436</u>
<b><u>NONOPERATING REVENUE &amp; EXPENSES</u></b>			
Interest income	13,880	2,263	16,143
Interest expense	(782,239)	-	(782,239)
	<u>(768,359)</u>	<u>2,263</u>	<u>(766,096)</u>
Net income (loss) before transfers	484,740	(43,400)	441,340
<b><u>OTHER FINANCING SOURCES</u></b>			
Operating transfers in	-	73,970	73,970
Change in net position	484,740	30,570	515,310
<b>NET POSITION, beginning</b>	<u>18,770,430</u>	<u>560,521</u>	<u>19,330,951</u>
<b>NET POSITION, ending</b>	<u><u>\$ 19,255,170</u></u>	<u><u>\$ 591,091</u></u>	<u><u>\$ 19,846,261</u></u>

See Notes to Financial Statements.



**CITY OF CANTON, ILLINOIS**  
**STATEMENT OF CASH FLOWS -**  
**MODIFIED CASH BASIS - PROPRIETARY FUNDS**  
**Year ended April 30, 2014**

	<u>Water &amp; Sewer</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
<b><u>Cash flows from operating activities:</u></b>			
Cash received from customers	\$ 5,912,515	\$ 59,575	\$ 5,972,090
Cash payments to suppliers for goods & services	(1,832,827)	(29,764)	(1,862,591)
Cash payments to employees for services	(1,426,697)	(68,140)	(1,494,837)
<b>Net cash provided by (applied to) operating activities</b>	<u>2,652,991</u>	<u>(38,329)</u>	<u>2,614,662</u>
<b><u>Cash flows from noncapital financing activities:</u></b>			
Operating transfers in	-	73,970	73,970
Receipt/(repayment) of loans from other funds	(214,422)	-	(214,422)
<b>Net cash provided by (applied to) noncapital financing activities</b>	<u>(214,422)</u>	<u>73,970</u>	<u>(140,452)</u>
<b><u>Cash flows from capital and related financing activities:</u></b>			
Principal paid on IL EPA loan	(160,131)	-	(160,131)
Principal paid on Alt. Rev. Source bonds	(1,670,000)	-	(1,670,000)
Interest paid	(629,664)	-	(629,664)
Property and equipment purchases	(1,048,468)	(14,700)	(1,063,168)
<b>Net cash applied to capital and related financing activities</b>	<u>(3,508,263)</u>	<u>(14,700)</u>	<u>(3,522,963)</u>
<b><u>Cash flows from investing activities:</u></b>			
Interest income received	10,418	2,263	12,681
Redemption (purchase) of investments	(330,545)	-	(330,545)
<b>Net cash provided by (applied to) investing activities</b>	<u>(320,127)</u>	<u>2,263</u>	<u>(317,864)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,389,821)	23,204	(1,366,617)
Cash and cash equivalents - beginning of year	<u>2,571,447</u>	<u>415,786</u>	<u>2,987,233</u>
Cash and cash equivalents - end of year	<u>\$ 1,181,626</u>	<u>\$ 438,990</u>	<u>\$ 1,620,616</u>

See Notes to Financial Statements.

**CITY OF CANTON, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**MODIFIED CASH BASIS - PROPRIETARY FUNDS**  
**Year ended April 30, 2014**

	<u>Water &amp; Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 1,253,099	\$ (45,663)	\$ 1,207,436
Adjustments to reconcile operating income (loss) to net cash provided (applied to) operating activities:			
Depreciation	<u>1,399,892</u>	<u>7,334</u>	<u>1,407,226</u>
<b>Net cash provided by (applied to) operating activities</b>	<u><u>\$ 2,652,991</u></u>	<u><u>\$ (38,329)</u></u>	<u><u>\$ 2,614,662</u></u>

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

	<u>Water &amp; Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Total Enterprise Funds</u>
Cash and cash equivalents	\$ 198,404	\$ 291,061	\$ 489,465
Restricted cash and cash equivalents	<u>983,222</u>	<u>147,929</u>	<u>1,131,151</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 1,181,626</u></u>	<u><u>\$ 438,990</u></u>	<u><u>\$ 1,620,616</u></u>

See Notes to Financial Statements.

**CITY OF CANTON, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**April 30, 2014**

	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Funds</u>	<u>Total Pension Trust Funds</u>	<u>Private Purpose Trust Fund</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 533,361	\$ 749,402	\$ 1,282,763	\$ 14,286
Receivables				
Employer	255,800	541,484	797,284	-
Interest and other	30,528	19,697	50,225	-
Total receivables	286,328	561,181	847,509	-
Investments, at fair value	13,490,875	5,548,647	19,039,522	-
Total assets	<u>\$ 14,310,564</u>	<u>\$ 6,859,230</u>	<u>\$ 21,169,794</u>	<u>\$ 14,286</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>\$ 14,310,564</u>	<u>\$ 6,859,230</u>	<u>\$ 21,169,794</u>	<u>\$ 14,286</u>
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See Notes to Financial Statements.

**CITY OF CANTON, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year ended April 30, 2014**

	<u><b>Police Pension Trust Fund</b></u>	<u><b>Fire Pension Trust Fund</b></u>	<u><b>Total Pension Trust Funds</b></u>	<u><b>Private Purpose Trust Fund</b></u>
<b><u>ADDITIONS</u></b>				
Contributions				
Employer	\$ 273,104	\$ 573,213	\$ 846,317	\$ -
Plan member	130,391	90,437	220,828	-
Total contributions	<u>403,495</u>	<u>663,650</u>	<u>1,067,145</u>	<u>-</u>
Investment income				
Net appreciation in fair value of investments	731,240	349,711	1,080,951	-
Interest income	140,927	98,413	239,340	3
Dividend income	266,812	60,028	326,840	-
Total additions	<u>1,138,979</u>	<u>508,152</u>	<u>1,647,131</u>	<u>3</u>
Total additions	<u>1,542,474</u>	<u>1,171,802</u>	<u>2,714,276</u>	<u>3</u>
<b><u>DEDUCTIONS</u></b>				
Benefits	743,830	838,626	1,582,456	-
Administrative expense	-	43,061	43,061	-
Miscellaneous expense	111,176	-	111,176	429
Total deductions	<u>855,006</u>	<u>881,687</u>	<u>1,736,693</u>	<u>429</u>
NET INCREASE (DECREASE)	687,468	290,115	977,583	(426)
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES</b>				
Beginning of year	<u>13,623,096</u>	<u>6,569,115</u>	<u>20,192,211</u>	<u>14,712</u>
End of year	<u>\$ 14,310,564</u>	<u>\$ 6,859,230</u>	<u>\$ 21,169,794</u>	<u>\$ 14,286</u>

See Notes to Financial Statements.



**CITY OF CANTON, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2014**

**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	Accounts for real estate taxes legally restricted for IMRF and providing retirement benefits to employees.
Social Security Fund	Accounts for real estate taxes legally restricted for Social Security 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 taxes designated for public safety services.
Video Gaming Fund	Accounts for proceeds of video gaming taxes.
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:

<u>Fund</u>	<u>Brief Description</u>
3 <sup>rd</sup> Avenue Grants	Accounts for the 3 <sup>rd</sup> Avenue grant proceeds and expenditures.
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 are 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 are reported at fair value. Fair value is based on published prices on major exchanges as of April 30, 2014.

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 2013 tax levy on December 17, 2013. 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, 2014, the City had received all of its 2012 levy and none of its 2013 levy.

Following is a schedule of tax rates by fund for the 2013 levy per \$100 of equalized assessed valuation:

Fund	Rate	Maximum Allowable Rate
Governmental Fund Types:		
Corporate	.0000	.2500
Unemployment Compensation	.0090	
Fire Protection	.1438	.1500
Police Protection	.0745	.0750
Civil Defense	.0033	.0500
I.M.R.F.	.4484	
Social Security	.1615	
Liability Insurance	.1749	
Audit	.0216	
Workman’s Compensation	.1973	
Proprietary Fund:		
Cemetery Fund	.0234	.0250
Fiduciary Fund Type:		
Fire Pension	.4856	
Police Pension	.2294	
	1.9727	

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, 2014 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, 2014, 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, 2014, 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			
Governmental Activities	\$ 481,938	N/A	0.04
Business-type Activities (included in Restricted Assets)	1,571,652	N/A	0.04

Fiduciary Funds

Certificates of deposit	\$ 272,623	N/A	1.54
Corporate bonds	2,106,776	A2	6.05
State & Local government	183,727	AAA	3.56
U.S. Government obligations and agency securities	4,872,108	AAA	8.94
Annuities	983,561	N/A	N/A
Common stock	3,166,574	N/A	N/A
Mutual funds	7,454,153	N/A	N/A
	<hr/>		
Total Fiduciary Investments	<u>\$ 19,039,522</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, 2014 are as follows:

Federal National Mortgage Association	\$ 1,702,823
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**NOTE 4.****CAPITAL ASSETS**

Capital assets activity, resulting from modified cash basis transactions, for the year ended April 30, 2014, is as follows:

	Ending Balance 4/30/2013	Additions	Deletions	Ending Balance 4/30/2014
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 69,654	\$ 97,697	\$ -	\$ 167,351
Work in progress	114,129	-	-	114,129
Depreciable Assets:				
Buildings & Infrastructure	8,897,636	877,995	-	9,775,631
Equipment	1,349,443	43,503	-	1,392,946
Motor Vehicles	2,531,318	60,638	47,492	2,544,464
	<u>12,962,180</u>	<u>1,079,833</u>	<u>47,492</u>	<u>13,994,521</u>
Accumulated depreciation				
Buildings & Infrastructure	1,390,918	312,830	-	1,703,748
Equipment	976,516	87,594	-	1,064,110
Motor Vehicles	2,057,029	137,582	37,190	2,157,421
	<u>4,424,463</u>	<u>538,006</u>	<u>37,190</u>	<u>4,925,279</u>
Governmental activities capital assets, net	<u>\$ 8,537,717</u>	<u>\$ 541,827</u>	<u>\$ 10,302</u>	<u>\$ 9,069,242</u>

Depreciation expenses were charged to governmental functions:

General Government	\$ 56,334
Buildings and Grounds	3,467
Public Safety	130,574
Public Works	289,871
Community Development	22,383
Sanitation	35,377
Total	<u>\$ 538,006</u>

Business-Type Activities:	Ending Balance 4/30/2013	Additions	Deletions	Ending Balance 4/30/2014
<u>Greenwood Cemetery Fund</u>				
Mowers and equipment	\$ 104,810	\$ 14,700	\$ 8,692	\$ 110,818
Vehicle	15,266	-	-	15,266
Fence	1,097	-	-	1,097
Building	43,685	-	-	43,685
Land improvements	9,532	-	-	9,532
	174,390	14,700	8,692	180,398
Accumulated depreciation	129,655	7,334	8,692	128,297
<u>Greenwood Cemetery Fund</u>				
Capital Assets, net	44,735	7,366	-	52,101
<u>Water &amp; Sewer Fund</u>				
Water plant	23,303,492	374,637	-	23,678,129
Sewer plant	18,985,713	165,750	-	19,151,463
Water extensions	1,481,723	40,001	-	1,521,724
Sewer extensions	4,346,609	-	-	4,346,609
Office equipment	8,362	39,261	-	47,623
Water equipment	958,242	13,097	-	971,339
Sewer equipment	739,156	-	-	739,156
Work in progress	4,622,561	448,806	33,084	5,038,283
	54,445,858	1,081,552	33,084	55,494,326
Accumulated depreciation	18,717,081	1,399,892	-	20,116,973
<u>Water and Sewer Fund</u>				
Capital Assets, net	35,728,777	(318,340)	33,084	35,377,353
Total business-type activity capital asset, net	<u>\$35,773,512</u>	<u>\$ (310,974)</u>	<u>\$ 33,084</u>	<u>\$35,429,454</u>

**NOTE 5. LONG-TERM DEBT**

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

	Balance April 30, 2013	Additions	Reductions	Balance April 30, 2014	Amounts Due within One Year
Changes in governmental activities Long-Term Debt:					
Contracts and loans payable:					
Brownfield Repayment	\$ 201,338	\$ -	\$ -	\$ 201,338	\$ 65,000
Rural Development loan	40,000	-	40,000	-	-
2011 Debt Certificate	7,000,000	-	100,000	6,900,000	230,000
Total long-term debt, governmental activities	<u>\$ 7,241,338</u>	<u>\$ -</u>	<u>\$ 140,000</u>	<u>\$ 7,101,338</u>	<u>\$ 295,000</u>
Changes in business-type activities Long-Term Debt:					
IL EPA loan	\$ 1,724,945	\$ -	\$ 160,131	\$ 1,564,814	\$ 164,817
General obligation bonds (alternate revenue source)					
2005 Series	7,595,000	-	1,375,000	6,220,000	1,445,000
2012 Series	10,000,000	-	225,000	9,775,000	165,000
2013 Series	2,810,000	-	70,000	2,740,000	55,000
Net issuance premium (discount)	(142,817)	11,095	-	(131,722)	-
Total general obligation Bonds	<u>20,262,183</u>	<u>11,095</u>	<u>1,670,000</u>	<u>18,603,278</u>	<u>1,665,000</u>
Total long-term debt business-type activities	<u>\$ 21,987,128</u>	<u>\$ 11,095</u>	<u>\$ 1,830,131</u>	<u>\$ 20,168,092</u>	<u>\$ 1,829,817</u>

Governmental Activities Long-term Debt:

The City's governmental activities long-term debt as of April 30, 2014, 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. The total repayments are \$201,338. The annual debt service requirements on this repayment are as follows:

<u>Year Ending 4/30</u>	<u>Principal</u>
2015	\$ 65,000
2016	65,000
2017	71,338

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.

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>
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>\$ 6,900,000</u>	<u>\$ 2,769,475</u>	<u>\$ 9,669,475</u>

Business-type Activities Long-term Debt:

The City's business-type activities long-term debt as of April 30, 2014, 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>
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>\$ 1,564,814</u>	<u>\$ 212,426</u>	<u>\$ 1,777,240</u>

General Obligations Bonds (Alternate Revenue Source):

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. The amortized deferred charge on the bond issue was \$138,018 at April 30, 2014.

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 amortized premium on the bond issue at April 30, 2014, was \$13,846.

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 amortized discount on the bond issue at April 30, 2014, was \$113,636.

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 amortized discount on the bond issue at April 30, 2014, was \$31,932.

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>
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>\$ 18,735,000</u>	<u>\$ 2,581,075</u>	<u>\$ 21,316,075</u>

**NOTE 6. DEFICIT FUND BALANCES**

The following City funds have a deficit fund/equity balance as of April 30, 2014.

Civil Defense	\$ 82,949
Social Security	210,611
Audit	92
Canton 2 TIF	839,677

**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](http://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 2013 used by the employer was 12.33 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2013 was 13.28 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, 2013, the City's annual pension cost was \$456,133 for the Regular plan. Its required contribution was \$456,180.

**TREND INFORMATION**

<u>Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$456,180	93%	\$-
12/31/12	446,848	93%	-
12/31/11	437,308	88	-

The required contribution for 2013 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, 2013, the most recent actuarial valuation date, the Regular plan was 67.31 percent funded. The actuarial accrued liability for benefits was \$10,062,416 and the actuarial value of assets was \$6,772,934, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,289,482. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$3,435,087 and the ratio of the UAAL to the covered payroll was 96%.

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, 2013, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries currently Receiving Benefits	19
Terminated Employees Entitles to Benefits but not yet Receiving Them	<u>4</u>
	23
Current Employees	<u>22</u>
Total	<u><u>45</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 4/30/2013 will be amortized on a level dollar basis over 27 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 \$310,897 was equal to the required contribution. The actual contribution paid by the City was \$255,800. The City obtained an actuarial valuation for the year ending May 1, 2013. 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, 2013, is 27 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, 2014 were:

Annual required contributions	\$291,238
Interest on net pension obligations	19,659
Adjustments to annual required contribution	-
Annual pension cost	<u>310,897</u>
Annual contributions made	<u>255,800</u>
Increase in net pension obligation	55,097
Net pension obligation, beginning of year	<u>16,742</u>
Net pension obligation, end of year	<u><u>\$ 71,839</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>
2014	\$310,897	82.3%	-
2013	285,696	100.1%	-
2012	N/A	N/A	N/A

As of May 1, 2013, the most recent actuarial valuation date, the Police Pension Plan was 84.32% funded. The actuarial accrued liability for benefits was \$16,852,756 and the actuarial value of assets was \$14,210,430, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,642,326. The covered payroll (annual payroll of active employees covered by the plan) was \$1,264,767 and the ratio of the UAAL to the covered payroll was 208.92%.

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, 2013, the Fire Pension Plan membership consisted of:

Retirees and Beneficiaries currently Receiving Benefits	22	
Terminated Employees Entitles to Benefits but not yet Receiving Them	-	
	<u>22</u>	
Current Employees	15	
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 89.4% of its 2014 actuarially calculated contribution of \$605,570. 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, 2013, 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	\$568,610
Interest on net pension obligations	36,960
Adjustments to annual required contribution	-
Annual pension cost	<u>605,570</u>
Annual contributions made	<u>541,181</u>
Increase in net pension obligation	64,389
Net pension obligation, beginning of year	<u>27,681</u>
Net pension obligation, end of year	<u><u>\$ 92,070</u></u>

The City obtained an actuarial valuation for the year ending April 30, 2014. 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 Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$541,410	89.4%	-
2013	593,270	100.0%	-
2012	N/A	N/A	N/A

As of May 1, 2013, the most recent actuarial valuation date, the Fire Pension Plan was 43.2% funded. The actuarial accrued liability for benefits was \$15,834,401 and the actuarial value of assets was \$6,837,747, (annual payroll of active employees covered by the plan) was \$8,994,654 and the ratio of the UAAL to the covered payroll was 1010.68%

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 \$750,461.

**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>
\$546,520	General Fund	Special Revenue Fund: Canton 2 TIF
170,679	General Fund	Special Revenue Fund: Canton 1 TIF
82,949	General Fund	Special Revenue Fund: Civil Defense
210,611	General Fund	Special Revenue Fund: Social Security
92	General Fund	Special Revenue Fund: Audit
12,447	Enterprise Fund: Water and Sewer	General Fund
465,688	Special Revenue Fund: Working Cash	General Fund
295,000	Special Revenue Fund: Canton 1 TIF	Special Revenue Fund: Canton 2 TIF

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The balances will be repaid with the excess of revenues over expenditures in future years; therefore a significant majority of the balances will not be collected in the subsequent year.

**NOTE 11. COMMITMENT/SUBSEQUENT EVENTS**

As of April 30, 2014, the City had approved and was committed to pay for the following significant projects:

- \$154,495 contract for Software conversion, contract balance of \$11,400
- \$251,521 contract for Sarah’s Friendly True Value Improvements, contract balance of \$12,576
- \$173,905 contract for WWTP Storm Bar screen modifications, contract balance of \$102,805
- \$176,743 contract for WWTP East Plant pump improvements, contract balance of \$126,771
- \$140,796 contract for WWTP Primary Clarifier Valve Actuator, contract balance of \$69,701
- \$291,509 contract for the purchase of two garbage trucks, contract balance of \$291,509

The City has evaluated subsequent events through November 25, 2014, 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 April 30, 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.

**SUPPLEMENTARY INFORMATION**

**CITY OF CANTON, ILLINOIS**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -**  
**GENERAL FUND**  
**Year ended April 30, 2014**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
<b><u>Resources (inflows):</u></b>				
Local taxes:				
Property taxes	\$ 1,687,649	\$ 1,687,649	\$ 1,620,701	\$ (66,948)
Utility tax	700,000	700,000	701,967	1,967
Telecommunications tax	340,000	340,000	296,619	(43,381)
Hotel/Motel taxes	120,000	120,000	58,155	(61,845)
<b>Total local taxes</b>	<b>2,847,649</b>	<b>2,847,649</b>	<b>2,677,442</b>	<b>(170,207)</b>
Intergovernmental:				
Sales tax	2,875,000	2,875,000	2,762,703	(112,297)
Income tax	1,500,000	1,500,000	1,421,805	(78,195)
Replacement tax	200,000	200,000	69,957	(130,043)
State reimbursements & grants	6,500	6,500	43,174	36,674
Federal grants	1,800	1,800	2,804	1,004
<b>Total intergovernmental</b>	<b>4,583,300</b>	<b>4,583,300</b>	<b>4,300,443</b>	<b>(282,857)</b>
Other:				
License and permits	98,000	98,000	90,972	(7,028)
Franchise fees	164,000	164,000	265,352	101,352
Fines and forfeitures	82,000	82,000	83,098	1,098
Charges for services	532,000	532,000	526,849	(5,151)
Donations	5,000	5,000	6,166	1,166
Interest income	20,000	20,000	6,758	(13,242)
Miscellaneous	161,000	161,000	112,014	(48,986)
<b>Total other</b>	<b>1,062,000</b>	<b>1,062,000</b>	<b>1,091,209</b>	<b>29,209</b>
<b>Total resources (inflows)</b>	<b>8,492,949</b>	<b>8,492,949</b>	<b>8,069,094</b>	<b>(423,855)</b>

**CITY OF CANTON, ILLINOIS**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -**  
**GENERAL FUND (Continued)**  
**Year ended April 30, 2014**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
<b><u>Charges to expenditures (outflows):</u></b>				
General government:				
Salaries and benefits	\$ 740,151	\$ 671,645	\$ 775,291	\$ (103,646)
Supplies	81,595	81,595	87,424	(5,829)
Contractual services	745,928	745,928	770,552	(24,624)
Other charges and services	40,800	40,800	29,104	11,696
Capital outlay	123,500	123,500	14,498	109,002
<b>Total general government</b>	<b>1,731,974</b>	<b>1,663,468</b>	<b>1,676,869</b>	<b>(13,401)</b>
Public safety:				
Police:				
Salaries and benefits	2,668,682	2,595,833	2,661,940	(66,107)
Supplies	116,728	116,728	100,943	15,785
Contractual services	125,976	125,976	120,387	5,589
Capital outlay	55,000	55,000	54,839	161
<b>Total police</b>	<b>2,966,386</b>	<b>2,893,537</b>	<b>2,938,109</b>	<b>(44,572)</b>
Fire:				
Salaries and benefits	2,095,203	2,048,317	2,004,942	43,375
Supplies	47,276	47,276	48,583	(1,307)
Contractual services	69,973	69,973	76,207	(6,234)
Capital outlay	23,000	23,000	-	23,000
<b>Total fire</b>	<b>2,235,452</b>	<b>2,188,566</b>	<b>2,129,732</b>	<b>58,834</b>
Public Works/Transportation:				
Streets:				
Salaries and benefits	459,491	444,834	446,822	(1,988)
Supplies	183,650	183,650	197,282	(13,632)
Contractual services	135,000	135,000	125,527	9,473
Capital outlay	78,900	78,900	23,289	55,611
<b>Total public works/ transportation</b>	<b>857,041</b>	<b>842,384</b>	<b>792,920</b>	<b>49,464</b>

**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
<b>Buildings and Grounds:</b>				
Salaries and benefits	\$ 148,090	\$ 142,949	\$ 147,466	\$ (4,517)
Supplies	27,535	27,535	24,589	2,946
Contractual services	18,000	18,000	11,558	6,442
<b>Total buildings and grounds</b>	<b>193,625</b>	<b>188,484</b>	<b>183,613</b>	<b>4,871</b>
<b>Sanitation:</b>				
Salaries and benefits	276,070	264,960	255,496	9,464
Supplies	71,090	71,090	88,913	(17,823)
Contractual services	218,600	218,600	175,896	42,704
Capital outlay	-	275,000	-	275,000
Miscellaneous	-	-	492	(492)
<b>Total sanitation</b>	<b>565,760</b>	<b>829,650</b>	<b>520,797</b>	<b>308,853</b>
<b>Debt Service:</b>				
Principal	40,000	40,000	40,000	-
Interest expense	300	300	300	-
<b>Total debt service</b>	<b>40,300</b>	<b>40,300</b>	<b>40,300</b>	<b>-</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of equipment	-	-	98,993	98,993
Operating transfers in	-	-	8,474	8,474
Operating transfers out	(62,562)	(62,562)	(82,444)	(19,882)
<b>Total other financing sources (uses)</b>	<b>(62,562)</b>	<b>(62,562)</b>	<b>25,023</b>	<b>87,585</b>
<b>Total charges to expenditures</b>	<b>8,653,100</b>	<b>8,708,951</b>	<b>8,257,317</b>	<b>451,634</b>
<b>CHANGE IN FUND BALANCE</b>	<b>\$ (160,151)</b>	<b>\$ (216,002)</b>	<b>\$ (188,223)</b>	<b>\$ (875,489)</b>

**CITY OF CANTON, ILLINOIS**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -**  
**CANTON 1 TAX INCREMENT FINANCING DISTRICT FUND**  
**Year ended April 30, 2014**

	ORIGINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE FROM FINAL BUDGET
<b><u>REVENUES RECEIVED</u></b>			
Local taxes	\$ 662,500	\$ 778,721	\$ 116,221
Interest	8,000	2,868	(5,132)
	670,500	781,589	111,089
<b><u>EXPENDITURES DISBURSED</u></b>			
Community development	3,200,000	654,659	2,545,341
Capital outlay	-	376,782	(376,782)
Debt service:			
Interest	-	280,619	(280,619)
Repayment	-	100,000	(100,000)
	3,200,000	1,412,060	1,787,940
Revenues received over (under) expenditures disbursed before other financing sources (uses)	(2,529,500)	(630,471)	1,899,029
Other financing sources (uses):			
Operating transfers out	-	(127,119)	(127,119)
	\$ (2,529,500)	\$ (757,590)	\$ 1,771,910

**CITY OF CANTON, ILLNOIS**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -**  
**MODIFIED CASH BASIS -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**April 30, 2014**

	Total Non-Major Special Revenue Funds	Total Non- Major Capital Project Funds	Total Non-Major Governmental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 470,673	\$ 272,494	\$ 743,167
Investments	481,938	-	481,938
DCCA loans receivable	52,324	-	52,324
Due from other funds	465,688	-	465,688
Total assets	\$ 1,470,623	\$ 272,494	\$ 1,743,117
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Due to other funds	\$ 1,135,172	\$ -	\$ 1,135,172
Fund balances:			
Restricted	879,606	272,494	1,152,100
Assigned	561,136	-	561,136
Unassigned	(1,105,291)	-	(1,105,291)
Total fund balances	335,451	272,494	607,945
Total liabilities & fund balances	\$ 1,470,623	\$ 272,494	\$ 1,743,117

**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, 2014**

	<b>Total Non-Major Special Revenue Funds</b>	<b>Total Non-Major Capital Project Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b><u>REVENUES</u></b>			
Local taxes:			
Property taxes	\$ 660,047	\$ -	\$ 660,047
Intergovernmental:			
Motor fuel taxes	361,189	-	361,189
Replacement taxes	72,046	-	72,046
Other taxes	54,492	-	54,492
Grant proceeds	66,391	-	66,391
Fines and forfeitures	8,594	-	8,594
Interest	5,143	17	5,160
Other	349	-	349
	<hr/>	<hr/>	<hr/>
Total revenues	1,228,251	17	1,228,268
<b><u>EXPENDITURES</u></b>			
General governmental	755,699	-	755,699
Public safety			
Civil defense	3,600	-	3,600
Law enforcement	12,060	-	12,060
Public works/transportation:			
Streets & sidewalks	1	-	1
Capital outlay	610,425	-	610,425
Community development:			
Other	874,025	600	874,625
	<hr/>	<hr/>	<hr/>
Total expenditures	2,255,810	600	2,256,410
Revenue received over (under) expenditures	(1,027,559)	(583)	(1,028,142)
Other financing sources (uses):			
Operating transfers in (out)	53,693	73,426	127,119
	<hr/>	<hr/>	<hr/>
Revenue received and other financing sources over (under) expenditures disbursed and other financing uses	(973,866)	72,843	(901,023)
Fund balance, beginning	1,309,317	199,651	1,508,968
	<hr/>	<hr/>	<hr/>
Fund balance, ending	\$ 335,451	\$ 272,494	\$ 607,945
	<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, 2014**

	Working Cash	Civil Defense	Illinois Municipal Retirement Fund	Social Security	Motor Fuel Tax	Canton 2 Tax Increment Financing District
<b><u>ASSETS</u></b>						
Cash	\$ 95,448	\$ -	\$ 72,630	\$ -	\$ 147,635	\$ 1,843
Investments	-	-	-	-	481,938	-
DCCA loans receivable	-	-	-	-	-	-
Due from general fund	465,688	-	-	-	-	-
Total assets	<u>\$ 561,136</u>	<u>\$ -</u>	<u>\$ 72,630</u>	<u>\$ -</u>	<u>\$ 629,573</u>	<u>\$ 1,843</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities:						
Due to Canton 1 TIF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,000
Due to General Fund	-	82,949	-	210,611	-	546,520
Total liabilities	<u>-</u>	<u>82,949</u>	<u>-</u>	<u>210,611</u>	<u>-</u>	<u>841,520</u>
Fund Balances (deficit):						
Restricted	-	-	72,630	-	629,573	-
Assigned	561,136	-	-	-	-	-
Unassigned	-	(82,949)	-	(210,611)	-	(839,677)
Total fund balances (deficit)	<u>561,136</u>	<u>(82,949)</u>	<u>72,630</u>	<u>(210,611)</u>	<u>629,573</u>	<u>(839,677)</u>
Total liabilities & fund balances	<u>\$ 561,136</u>	<u>\$ -</u>	<u>\$ 72,630</u>	<u>\$ -</u>	<u>\$ 629,573</u>	<u>\$ 1,843</u>

Audit	Drug Prevention	DUI Fund	Gambling	Video Gaming	DCCA Loan Fund	Total Non- Major Special Revenue Funds
\$ -	\$ 81,514	\$ 9,579	\$ 852	\$ 27,186	33,986	\$ 470,673
-	-	-	-	-	-	481,938
-	-	-	-	-	52,324	52,324
-	-	-	-	-	-	465,688
<u>\$ -</u>	<u>\$ 81,514</u>	<u>\$ 9,579</u>	<u>\$ 852</u>	<u>\$ 27,186</u>	<u>\$ 86,310</u>	<u>\$ 1,470,623</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,000
92	-	-	-	-	-	840,172
92	-	-	-	-	-	1,135,172
-	81,514	9,579	-	-	86,310	879,606
-	-	-	-	-	-	561,136
(92)	-	-	852	27,186	-	(1,105,291)
(92)	81,514	9,579	852	27,186	86,310	335,451
<u>\$ -</u>	<u>\$ 81,514</u>	<u>\$ 9,579</u>	<u>\$ 852</u>	<u>\$ 27,186</u>	<u>\$ 86,310</u>	<u>\$ 1,470,623</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, 2014**

	Working Cash	Civil Defense	Illinois Municipal Retirement Fund	Social Security	Motor Fuel Tax
<b><u>REVENUES</u></b>					
Property taxes	\$ -	\$ 3,494	\$ 338,547	\$ 209,502	\$ -
Intergovernmental:					
Motor fuel taxes	-	-	-	-	361,189
Replacement taxes	-	-	52,975	19,071	-
Other taxes	-	-	-	-	-
Grant proceeds	-	-	-	-	66,391
Fines and forfeitures	-	-	-	-	-
Interest	-	-	-	-	2,582
Other	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>3,494</b>	<b>391,522</b>	<b>228,573</b>	<b>430,162</b>
<b><u>EXPENDITURES</u></b>					
General government	-	-	473,528	258,071	-
Public safety					
Civil defense	-	3,600	-	-	-
Law enforcement	-	-	-	-	-
Public works/transportation:					
Streets & sidewalks	-	-	-	-	1
Capital outlay	-	-	-	-	570,084
Community development:					
Other	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>3,600</b>	<b>473,528</b>	<b>258,071</b>	<b>570,085</b>
Revenue received over (under) expenditures	-	(106)	(82,006)	(29,498)	(139,923)
Other financing sources (uses):					
Operating transfers in (out)	-	-	-	-	53,693
Revenue received and other financing sources over (under) expenditures disbursed and other financing uses	-	(106)	(82,006)	(29,498)	(86,230)
Fund balance (deficit), beginning	561,136	(82,843)	154,636	(181,113)	715,803
Fund balance (deficit), ending	<u>\$ 561,136</u>	<u>\$ (82,949)</u>	<u>\$ 72,630</u>	<u>\$ (210,611)</u>	<u>\$ 629,573</u>

Canton 2 Tax Increment Financing District	Audit	Drug Prevention	DUI Fund	Gambling	Video Gaming	DCCA Loan Fund	Total Non- Major Special Revenue Funds
\$ 85,214	\$ 23,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660,047
-	-	-	-	-	-	-	361,189
-	-	-	-	-	-	-	72,046
-	-	-	-	3,375	51,117	-	54,492
-	-	-	-	-	-	-	66,391
-	-	2,717	5,877	-	-	-	8,594
60	-	-	-	-	-	2,501	5,143
-	-	-	-	-	-	349	349
85,274	23,290	2,717	5,877	3,375	51,117	2,850	1,228,251
-	24,100	-	-	-	-	-	755,699
-	-	-	-	-	-	-	3,600
-	-	5,586	3,279	3,195	-	-	12,060
-	-	-	-	-	-	-	1
18,164	-	1,550	-	-	20,627	-	610,425
870,721	-	-	-	-	3,304	-	874,025
888,885	24,100	7,136	3,279	3,195	23,931	-	2,255,810
(803,611)	(810)	(4,419)	2,598	180	27,186	2,850	(1,027,559)
-	-	-	-	-	-	-	53,693
(803,611)	(810)	(4,419)	2,598	180	27,186	2,850	(973,866)
(36,066)	718	85,933	6,981	672	-	83,460	1,309,317
\$ (839,677)	\$ (92)	\$ 81,514	\$ 9,579	\$ 852	\$ 27,186	\$ 86,310	\$ 335,451

**CITY OF CANTON, ILLINOIS**  
**STATEMENT OF ASSETS, LIABILITES, AND FUND BALANCES -**  
**MODIFIED CASH BASIS - NON-MAJOR CAPITAL PROJECTS FUNDS**  
**April 30, 2014**

	IT&EC Environmental Escrow
<b><u>ASSETS</u></b>	
Cash	\$ 272,494
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
Fund balances:	
Restricted	\$ 272,494

**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, 2014**

	3rd Avenue Grants	IT&EC Environmental Escrow	Total Non- Major Capital Project Funds
<b><u>REVENUES</u></b>			
Other			
Interest	\$ -	\$ 17	\$ 17
Total revenues	-	17	17
<b><u>EXPENDITURES</u></b>			
Community Development:			
Other	-	600	600
Revenue received over (under) expenditures	-	(583)	(583)
Other financing sources (uses):			
Operating transfers in (out)	73,426	-	73,426
Revenue received and other financing sources over (under) expenditures disbursed and other financing uses	73,426	(583)	72,843
Fund balance (deficit), beginning	(73,426)	273,077	199,651
Fund balance, ending	\$ -	\$ 272,494	\$ 272,494

**CITY OF CANTON, ILLINOIS**  
**SCHEDULE OF OPERATING EXPENDITURES OTHER THAN DEPRECIATION -**  
**WATER AND SEWER FUND**  
**Year ended April 30, 2014**

	<u>General Administration</u>	<u>System Maintenance</u>	<u>Water</u>	<u>Waste- Water</u>
Salaries and wages	\$ 83,375	\$ 331,680	\$ 534,675	\$ 406,117
Group insurance	31,241	75,742	136,806	101,988
Maintenance:				
System	-	-	-	86,826
Building	-	-	5,586	11,707
Equipment	2,875	11,201	18,904	46,193
Utilities	-	6,373	162,067	196,288
Travel and training	124	-	480	6,643
Fuel and oil	-	19,115	12,153	19,165
Services	41,028	34,732	110,206	79
Supplies:				
Office	30,222	-	-	3,452
Maintenance	-	54,072	23,758	10,055
Operating	-	22,904	372,506	41,561
Rentals	-	1,400	-	-
Other	736	-	-	-
	<u>736</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 189,601</u></u>	<u><u>\$ 557,219</u></u>	<u><u>\$ 1,377,141</u></u>	<u><u>\$ 930,074</u></u>

<u>Meters</u>	<u>Lake</u>	<u>Total</u>
\$ 99,906	\$ 18,073	\$ 1,473,826
13,224	-	359,001
-	-	86,826
-	-	17,293
28,490	11,321	118,984
1,230	16,684	382,642
-	-	7,247
4,991	558	55,982
-	6,255	192,300
-	-	33,674
861	-	88,746
1,974	1,922	440,867
-	-	1,400
-	-	736
<u>\$ 150,676</u>	<u>\$ 54,813</u>	<u>\$ 3,259,524</u>





**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF CANTON, ILLINOIS  
OTHER 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)
12/31/2013	\$6,772,934	\$10,062,416	\$3,289,482	67.31%	\$3,435,087	95.76%
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%

On a market value basis, the actuarial value of assets as of December 31, 2013, is \$8,332,293.  
On a market value basis, the funded ratio would be 82.81%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Canton. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**CITY OF CANTON, ILLINOIS  
OTHER SUPPLEMENTARY INFORMATION  
POLICE AND FIRE PENSION FUNDS  
SCHEDULES OF FUNDING PROGRESS**

**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)
5/1/2013	\$ 14,210,430	\$ 16,852,756	84.32%	\$ 2,642,326	\$ 1,264,767	208.92%
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

**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)
5/1/2013	\$ 6,839,747	\$ 15,834,401	43.20%	\$ 8,994,654	\$ 889,963	1010.68%
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

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

	2013 Tax Levy Year*				
	Levy	Rate	Extension	Collections	Levy
<u>General Fund:</u>					
Corporate	\$ -	-	\$ -	\$ -	\$ 28,644
Fire Protection	160,338	0.1438	160,349	-	161,025
Police Protection	83,000	0.0745	83,074	-	82,764
Street & Bridge**	-	-	-	-	-
Liability Insurance	195,000	0.1749	195,028	-	208,319
Workmen's					
Compensation	220,000	0.1973	220,006	-	244,127
Unemployment Comp	10,000	0.0090	10,036	-	-
<u>Special Revenue Funds:</u>					
Civil Defense	3,600	0.0033	3,680	-	3,600
Social Security	180,000	0.1615	180,086	-	221,606
I.M.R.F.	500,000	0.4484	500,003	-	358,094
Audit	24,000	0.0216	24,086	-	24,600
<u>Enterprise Fund:</u>					
Cemetery	26,000	0.0234	26,093	-	26,000
<u>Pension Trust Funds:</u>					
Police Pension	255,698	0.2294	255,800	-	286,000
Fire Pension	541,410	0.4856	541,484	-	593,270
	<u>\$ 2,199,046</u>	<u>1.9727</u>	<u>\$ 2,199,722</u>	<u>\$ -</u>	<u>\$ 2,238,049</u>
Assessed valuation		<u>\$ 122,398,556</u>			

\* Collections of 2013 tax levies not received until after April 30, 2014.

\*\* 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, 2014, was \$79,243

2012 Tax Levy Year				2011 Tax Levy Year		
Rate	Extension	Collections	Levy	Rate	Extension	Collections
0.0256	\$ 28,668	\$ 27,101	\$ 19,675	0.0175	\$ 19,706	\$ 19,667
0.1438	161,032	152,229	160,954	0.1430	161,025	160,728
0.0740	82,868	78,339	82,673	0.0735	82,764	82,613
-	-	-	-	-	-	-
0.1861	208,401	197,010	208,275	0.1850	208,319	207,937
0.2181	244,236	230,885	244,092	0.2168	244,127	243,678
-	-	-	-	-	-	-
0.0033	3,695	3,494	3,600	0.0032	3,603	3,598
0.1979	221,615	209,502	221,504	0.1968	221,606	221,198
0.3198	358,123	338,547	325,530	0.2891	325,540	324,943
0.0220	24,636	23,290	27,000	0.0240	27,025	26,975
0.0233	26,092	24,665	26,000	0.0231	26,012	25,965
0.2554	286,006	270,371	283,313	0.2516	283,313	282,794
0.5298	593,288	560,857	483,922	0.4298	483,975	483,085
1.9991	\$ 2,238,660	\$ 2,116,290	\$ 2,086,538	1.8534	\$ 2,087,015	\$ 2,083,181
<u>\$ 120,908,595</u>			<u>\$ 119,185,324</u>			