

Village of Kenilworth



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2005

Selden Fox, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF KENILWORTH

Annual Financial Report

For the Year Ended April 30, 2005

Administrative Offices

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Peter L. Dyson – Village Treasurer
Max L. Slankard – Village Manager

**Village of Kenilworth
Audit Report
For the Year Ended April 30, 2005**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of Kenilworth
Kenilworth, Illinois

We have audited the governmental activities, business-type activities, major funds, and aggregate remaining fund information, which collectively comprise the basic financial statements of the **Village of Kenilworth** as of and for the year ended April 30, 2005, as listed in the accompanying table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village of Kenilworth at April 30, 2005, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Effective for the year ended April 30, 2005, the Village of Kenilworth adopted Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."

Our audit was made for the purpose of forming an opinion on the governmental activities, business-type activities, major funds, and aggregate remaining fund information, which collectively comprise the basic financial statements taken as a whole. The Management's Discussion and Analysis, schedules of funding progress for the Village's Illinois Municipal Retirement Fund and for the Village's Police Pension Fund are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

The accompanying financial information listed as supplementary information and other schedules in the accompanying table of contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements of the Village of Kenilworth. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements as of and for the year ended April 30, 2005 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Selden Fox, Ltd.

July 13, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Village of Kenilworth
Management's Discussion and Analysis
April 30, 2005**

This narrative is offered as a means to allow the reader a better understanding of the accompanying financial statements. It highlights several important aspects of the Village of Kenilworth's financial condition, whether the financial condition is improving or worsening, and reviews the relationship between the different financial statements being presented.

Financial Statement Structure

The Village of Kenilworth's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The very end of the report also contains required supplementary information regarding the funding status of our pensions.

The government-wide financial statements, found on pages 6, 7 and 8, are designed to provide readers a broad perspective of the Village's finances. This is done by consolidating all of the Village's financial activity into one set of financial statements. The *statement of net assets* (page 6) presents information on all of the Village's assets and liabilities. The *statement of activities* (pages 7 and 8) presents information showing the sources and uses of Village monies that then changed the Village's net asset position during the most recent fiscal year. Both of these statements separate activities that are principally supported by taxes from those that are principally supported by user fees. The latter category for the Village of Kenilworth, described as "business-type activities," includes the provision of water services.

The fund financial statements begin on page 9 and run through page 18. A *fund* is a group of accounts used to maintain control over resources that have been segregated for specific purposes. The Village of Kenilworth uses fund accounting because it represents generally accepted accounting principles for governmental organizations. In many cases, it is also necessary in order to comply with legal requirements. There are three types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds account for those activities primarily supported by taxes. Sometimes, as is the case for the Sewer Service, Motor Fuel Tax, and 911 Service Funds, the State requires us to account for revenue derived from one specific tax separate from all other Village revenues. This ensures the revenue is spent for specific purposes. Proprietary funds (pages 15 through 17) account for those activities primarily supported by user fees. The Village of Kenilworth's Proprietary Fund is the Water Works System Fund. You may note this fund included in "business-type activities" in the government-wide financial statements described earlier. Fiduciary funds (page 18) account for financial resources held for the benefit of parties outside the government. The Deferred Compensation Plan is one example.

The notes to the financial statements provide information necessary for the understanding of the statements. These notes begin on page 19 of this Audit Report.

Government-wide Financial Analysis

The Village of Kenilworth's assets exceeded its liabilities by \$4,266,922 as of April 30, 2005. This is a decrease of \$332,828 over the prior year, as both the Village's *governmental activities* and *business-type activities* resulted in a decrease in net assets. Net assets as of April 30, 2004 (the prior year end) were \$4,599,750. The two largest components of the Village's assets are its cash and investments of \$2,832,198, and its capital assets which stand at \$9,730,948. Noncurrent liabilities as of the year end are \$9,310,000. This is the par value of the bonds and will, of course, need to be paid back to the bondholders.

Fund Financial Statement Analysis

The Village of Kenilworth has six governmental funds. These funds are displayed on the balance sheet, found on pages 9 and 10. Governmental funds use a modified accrual basis of accounting designed to measure current financial resources. Consequently, the reader will notice the balance sheet does not show fixed assets nor long-term liabilities. The related income statements (combined statement of revenues, expenditures and changes in fund balance) are found on pages 12 and 13.

The General Fund (first column) is used to account for most of the Village's general operating activity. This includes activity for the Administration Department, Police Department, Fire Department, Public Works Department, and the Building Department. Including the effect of operating transfers, the General Fund's expenditures exceeded its revenues by \$96,835. This result is poor in comparison to last year's (when expenditures exceeded revenues by \$8,916), and has diminished the General Fund's financial position, resulting in a decline in fund balance from \$1,925,574 on April 30, 2004 to \$1,828,739 on April 30, 2005. While revenues were up by 4.0% (\$3,286,019 versus \$3,158,658), expenditures increased by 7.3% (\$3,385,510 this year versus \$3,156,117 last year).

Providing some detail with respect to revenues and expenses, revenues from utility taxes remained flat and failed to meet forecasted levels, and revenues from Village and Circuit Court fines declined sharply, from \$62,502 last year to \$35,840 this year. While building permit revenue increased from last year, it failed to meet budgeted levels, indicating a slowdown in development, due in part to a Village-imposed moratorium on demolition and construction of new homes. Expenditures increased largely due to professional services and support services, as the Village undertook development of a community-wide survey, and has worked extensively with professional services (planning and legal services) to examine and revamp many areas of the Village's Zoning Code, in response to resident concerns about residential teardowns and redevelopment. Total General Fund expenditures were \$31,620 over budget for the year.

Information relating to the Special Revenue Funds is on pages 55 and 56. Of note, the Village invested in its infrastructure in two different areas. From the Sewer Service Fund, the Village undertook a sewer lining program to extend the life of portions of the systems. Additionally, from within the Motor Fuel Tax Fund, the Village undertook a street resurfacing program, addressing a number of areas of need.

Fund Financial Statement Analysis (cont'd)

The financial statements for the two proprietary funds begin on page 15. Proprietary funds use an accrual basis of accounting designed to measure total economic resources. Therefore, unlike governmental funds, the balance sheet does show *property and equipment* assets and long-term *bonds payable*. The combined decrease in net assets for the Water Works System Fund is (\$72,603). Due to a mild and damp summer, revenue from metered water sales declined by \$44,306, or 5.3%, from the prior year, and failed to meet forecasted levels by 8.7%.

The financial statements for the fiduciary funds are on page 18.

Capital Assets and Long-term Debt

Information relating to the Debt Service Funds is presented on pages 57 through 60. The Village of Kenilworth has noncurrent debt liabilities of \$9,310,000. The Village has 1999 General Obligation Bonds (alternate revenue source) with outstanding principal of \$4,120,000, the proceeds of which were used to resurface streets and construct a new Public Works facility. The Village also issued a 2004 Series General Obligation Bond (Limited Refunding), in an amount of \$425,000, as a part of its annual refunding bond issuance. The Village has 2002 General Obligation Bonds (alternate revenue source) with an outstanding principal of \$4,645,000, the proceeds of which were used to renovate the Village's Water Plant, which is now completed and on-line. Water revenues and, if necessary, utility tax revenues, are pledged as the alternate revenue sources. The Village has a 1996 Water Revenue Bond, with an outstanding principal of \$120,000.

Responsibility

Governmental Accounting Standards Board Statement Number 34 mandates that all local government financial statements include a Management's Discussion and Analysis section. The goal is to give readers an objective, readable overview of the government's financial statements. The Village of Kenilworth's Village Manager is responsible for preparing this section. Consequently, any questions regarding this narrative specifically, or the Village's Audit Report generally, may be addressed to the Village Manager, Village of Kenilworth, 419 Richmond Road, Kenilworth, Illinois 60043.

BASIC FINANCIAL STATEMENTS

**Village of Kenilworth
Statement of Net Assets
April 30, 2005**

Assets	Primary Government		Total
	Governmental Activities	Business-type Activities	
Equity in pooled cash and investments	\$ 2,009,556	\$ -	\$ 2,009,556
Cash	300,030	-	300,030
Investments	273,129	249,483	522,612
Receivables, net	1,453,914	89,643	1,543,557
Internal balances	395,368	(395,368)	-
Insurance deposits	44,133	-	44,133
Capital assets (net of accumulated depreciation):			
Land	169,931	38,648	208,579
Buildings and building improvements	1,512,460	-	1,512,460
Water works system	-	6,623,569	6,623,569
Sanitary and sewer system	892,100	-	892,100
Machinery and equipment	475,656	18,584	494,240
Total assets	7,526,277	6,624,559	14,150,836
Liabilities			
Accounts payable and other accrued expenses	336,501	16,859	353,360
Customer deposits and other	130,842	15,219	146,061
Interest payable	74,493	-	74,493
Noncurrent liabilities:			
Due within one year	645,000	245,000	890,000
Due in more than one year	3,900,000	4,520,000	8,420,000
Total liabilities	5,086,836	4,797,078	9,883,914
Net Assets			
Restricted for:			
Insurance deposits	44,133	-	44,133
Restricted revenue	80,619	249,483	330,102
Unrestricted	2,314,689	1,577,998	3,892,687
Total net assets	\$ 2,439,441	\$ 1,827,481	\$ 4,266,922

See accompanying notes and independent auditor's report.

**Village of Kenilworth
Statement of Activities
For the Year Ended April 30, 2005**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 3,546,291	\$ 772,658	\$ 16,667
911 services	30,864	119,235	-
Motor fuel	423,030	-	-
Sewer service	55,686	51,841	-
Debt service	217,294	-	-
Capital projects	9,097	-	-
Total governmental activities	4,282,262	943,734	16,667
Business-type activities - water	999,257	906,162	-
Total primary government	\$ 5,281,519	\$ 1,849,896	\$ 16,667

General revenues:

- Property taxes
- Sales taxes
- Income taxes
- Motor fuel taxes
- Replacement taxes
- Utility taxes
- Local use tax
- Miscellaneous
- Unrestricted investment earnings

Total general revenues and transfers

Change in net assets

Net assets, beginning of the year

Net assets, end of the year

See accompanying notes and independent auditor's report.

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,756,966)	\$ -	\$ (2,756,966)
88,371	-	88,371
(423,030)	-	(423,030)
(3,845)	-	(3,845)
(217,294)	-	(217,294)
(9,097)	-	(9,097)
<u>(3,321,861)</u>	<u>-</u>	<u>(3,321,861)</u>
-	(93,095)	(93,095)
<u>(3,321,861)</u>	<u>(93,095)</u>	<u>(3,414,956)</u>
2,370,020	-	2,370,020
51,521	-	51,521
182,397	-	182,397
72,341	-	72,341
26,906	-	26,906
287,698	-	287,698
25,796	-	25,796
15,138	-	15,138
29,819	20,492	50,311
<u>3,061,636</u>	<u>20,492</u>	<u>3,082,128</u>
(260,225)	(72,603)	(332,828)
<u>2,699,666</u>	<u>1,900,084</u>	<u>4,599,750</u>
<u>\$ 2,439,441</u>	<u>\$ 1,827,481</u>	<u>\$ 4,266,922</u>

**Village of Kenilworth
Balance Sheet
Governmental Funds
April 30, 2005**

Assets and Other Debits	General	Debt Service
Assets:		
Equity in pooled cash and investments	\$ 1,536,873	\$ 199,860
Cash	50,390	194,874
Investments	-	-
Accounts receivable:		
Property taxes - net of allowance for loss on collections	1,093,427	245,414
Sewer maintenance charges	-	-
Other	110,048	-
Restricted asset - insurance deposit	44,133	-
Due from other funds	404,465	-
Total assets and other debits	\$ 3,239,336	\$ 640,148
Liabilities, Equity and Other Credits		
Liabilities:		
Accounts payable	\$ 153,127	\$ -
Accrued vacation pay	164,565	-
Due to other funds	-	-
Deferred property taxes income	962,063	215,928
Customer deposits and other	130,842	-
Interest payable	-	5,615
Bonds payable	-	212,500
Total liabilities	1,410,597	434,043
Equity and other credits - fund balance:		
Reserved for restricted revenue	80,619	-
Reserved for debt service	-	206,105
Reserved for insurance deposit	44,133	-
Unreserved - undesignated	1,703,987	-
Total equity and other credits	1,828,739	206,105
Total liabilities, equity and other credits	\$ 3,239,336	\$ 640,148

See accompanying notes and independent auditor's report.

Other Governmental Funds	Total Governmental Funds
\$ 272,823	\$ 2,009,556
54,766	300,030
273,129	273,129
-	1,338,841
5,025	5,025
-	110,048
-	44,133
-	404,465
<u>\$ 605,743</u>	<u>\$ 4,485,227</u>
\$ 18,809	\$ 171,936
-	164,565
9,097	9,097
-	1,177,991
-	130,842
-	5,615
-	212,500
<u>27,906</u>	<u>1,872,546</u>
-	80,619
-	206,105
-	44,133
577,837	2,281,824
<u>577,837</u>	<u>2,612,681</u>
<u>\$ 605,743</u>	<u>\$ 4,485,227</u>

Village of Kenilworth
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
April 30, 2005

Total fund balance - governmental funds (pages 9 and 10)	\$ 2,612,681
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,050,147
Interest expense is not subject to accrual in the governmental funds.	(68,878)
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net assets.	1,177,991
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities on the statement of net assets include Internal Service Fund compensated absences payable, the effect of which is included in the Internal Service Fund reconciling item above.	<u>(4,332,500)</u>
Net assets of governmental activities (page 6)	<u>\$ 2,439,441</u>

See accompanying notes and independent auditor's report.

**Village of Kenilworth
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balance -
 Governmental Funds
 For the Year Ended April 30, 2005**

	General	Debt Service
Revenues:		
Property taxes	\$ 1,899,405	\$ 440,950
Other taxes	574,318	-
Fines	35,840	-
Licenses	54,281	-
Permits	394,234	-
Service charges	266,049	-
Franchise fees	22,254	-
State funds and grants	16,667	-
Sewer service charge	-	-
Miscellaneous income	22,971	8,890
Total revenues	3,286,019	449,840
Expenditures:		
Current:		
Administrative	462,884	-
Retirement	145,580	-
Support services	173,490	-
Buildings and grounds	52,581	-
Street department	311,053	-
Waste removal	360,336	-
Forestry	31,540	-
Street lighting	56,141	-
Beach	27,524	-
Police department	1,385,689	-
Fire department	378,692	-
Sewer	-	-
911 services	-	-
Debt service:		
General obligation bonds	-	635,000
Interest	-	219,498
Bond issuance costs	-	5,000
Total expenditures	3,385,510	859,498
Revenues under expenditures before other financing sources	(99,491)	(409,658)
Other financing sources:		
Bond proceeds	-	425,000
Proceeds from sale of equipment	2,656	-
Total other financing sources	2,656	425,000
Revenues and other financing sources over (under) expenditures	(96,835)	15,342
Fund balance, beginning of the year	1,925,574	190,763
Fund balance, end of the year	\$ 1,828,739	\$ 206,105

See accompanying notes and independent auditor's report.

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,340,355
119,235	693,553
-	35,840
-	54,281
-	394,234
-	266,049
-	22,254
72,341	89,008
51,841	51,841
10,440	42,301
<u>253,857</u>	<u>3,989,716</u>
9,097	471,981
-	145,580
-	173,490
-	52,581
423,030	734,083
-	360,336
-	31,540
-	56,141
-	27,524
-	1,385,689
-	378,692
213,300	213,300
67,890	67,890
-	635,000
-	219,498
-	5,000
<u>713,317</u>	<u>4,958,325</u>
<u>(459,460)</u>	<u>(968,609)</u>
-	425,000
-	2,656
-	427,656
(459,460)	(540,953)
<u>1,037,297</u>	<u>3,153,634</u>
<u>\$ 577,837</u>	<u>\$ 2,612,681</u>

**Village of Kenilworth
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balance of
 Governmental Funds to the Statement of Activities
 For the Year Ended April 30, 2005**

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

Net change in fund balance - total governmental funds (pages 12 and 13)	\$ (540,953)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	33,859
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	29,665
<p>Interest expense is not subject to accrual in the governmental funds.</p>	7,204
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	<u>210,000</u>
Change in net assets of governmental activities (pages 7 and 8)	<u>\$ (260,225)</u>

See accompanying notes and independent auditor's report.

**Village of Kenilworth
Proprietary Fund
Statement of Net Assets
April 30, 2005**

Assets	
Current assets:	
Investments, restricted	\$ 249,483
Accounts receivable - water consumers	<u>89,643</u>
Total current assets	339,126
Noncurrent assets - property and equipment, net of accumulated depreciation of \$1,492,211	<u>6,680,801</u>
Total assets	<u>7,019,927</u>
Liabilities	
Current liabilities:	
Accounts payable	16,859
Due to other funds	395,368
Payable from restricted investments	15,219
Bonds payable, current portion	<u>245,000</u>
Total current liabilities	672,446
Noncurrent liabilities - bonds payable, less current portion	<u>4,520,000</u>
Total liabilities	<u>5,192,446</u>
Net assets	
Invested in capital assets, net of related debt	1,915,801
Reserved for restricted revenue	249,483
Unrestricted deficit	<u>(337,803)</u>
Total net assets	<u>\$ 1,827,481</u>

See accompanying notes and independent auditor's report.

**Village of Kenilworth
Statement of Revenues, Expenses
and Changes in Net Assets -
Proprietary Fund
For the Year Ended April 30, 2005**

Operating revenues:	
Charges for sales and services - water and sewer	\$ 906,162
Operating expenses:	
Personnel	386,429
Contractual services	108,448
Commodities	49,783
Other	7,473
Capital outlay	23,955
Depreciation	197,989
Total operating expenses	774,077
Operating income	132,085
Nonoperating revenue - interest	20,492
Nonoperating expense - interest on water revenue bonds	225,180
Decrease in net assets	(72,603)
Net assets:	
Beginning of the year	1,900,084
End of the year	\$ 1,827,481

See accompanying notes and independent auditor's report.

**Village of Kenilworth
Statement of Cash Flows -
Proprietary Fund
For the Year Ended April 30, 2005**

<hr/>	
Cash flows from operating activities:	
Receipts from customers	\$ 903,309
Payments to suppliers	(380,989)
Payments to employees	(386,429)
Repayments of interest on capital debt	(226,651)
Advances from other funds	290,254
	<hr/>
Net cash from operating activities	199,494
	<hr/>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(430,085)
Payment on water revenue bonds	(240,000)
	<hr/>
Net cash used in capital and related financing activities	(670,085)
	<hr/>
Cash flows from investing activities:	
Purchase of restricted investments	(6,283)
Interest income from investments	20,492
	<hr/>
Net cash from investing activities	14,209
	<hr/>
Net decrease in cash	(456,382)
	<hr/>
Cash, beginning of the year	456,382
	<hr/>
Cash, end of the year	\$ -
	<hr/>
Cash flows from operating activities:	
Operating income	\$ 132,085
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	197,989
Changes in:	
Receivables	(2,832)
Accounts payable/customer deposits	(418,002)
Due to/from	290,254
	<hr/>
Net cash from operating activities	\$ 199,494
	<hr/>

See accompanying notes and independent auditor's report.

**Village of Kenilworth
Statement of Net Assets
Fiduciary Fund
April 30, 2005**

Assets	
Assets - investments	<u>\$ 944,076</u>
Liabilities and Fund Balance	
Liabilities	\$ -
Fund balance - reserved for deferred compensation	<u>944,076</u>
Total liabilities and fund balance	<u>\$ 944,076</u>

**Statement of Revenues, Expenditures
and Changes in Fund Balance -
Fiduciary Fund
For the Year Ended April 30, 2005**

Revenues:	
Contributions	\$ 68,456
Investment gain	<u>18,852</u>
Total revenues	87,308
Expenditures - distributions	<u>(25,599)</u>
Revenues over expenditures	61,709
Fund balance, beginning of the year	<u>882,367</u>
Fund balance, end of the year	<u>\$ 944,076</u>

See accompanying notes and independent auditor's report.

Village of Kenilworth
Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. The Reporting Entity

The Village of Kenilworth, Cook County, Illinois is duly organized and existing under the provisions of the laws of the state of Illinois. The Village operates under the manager-council form of government and provides public safety (police and fire), streets, sanitation, water, public improvements, planning and zoning, and general administrative services. The Village is governed by an elected Board of six Trustees and a Village President. The Village includes all funds and account groups of its governmental operations and its component units based on financial accountability. Financial accountability includes appointment of the Organization's governing body, imposition of will and fiscal dependency. The Village Trustees are responsible for appointing two of the five Trustees of the Village of Kenilworth Police Pension Funds, but the Village's accountability for this Organization does not extend beyond making the appointments and making contributions to the Fund as actuarially determined. The financial statements of the Fund have not been included within these financial statements. The accompanying financial statements include only those funds and account groups of the Village, as there are no other organizations for which it has financial accountability.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Village of Kenilworth
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds are used to account for the Village's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

Property taxes, sewer service charges, and interest earned are susceptible to accrual. Replacement income tax, State income tax and sales tax collected and held by the State at year end, on behalf of the Village, are also recognized as revenue. Other receipts become measurable and available when cash is received, and are recognized at that time. Governmental funds include the following:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for administrative, maintenance and all other financial resources except those required to be accounted for in another fund. In addition, tax levies and expenditures for Illinois Municipal Retirement, Police Retirement, Audit, Liability Insurance, Workers' Compensation Insurance and Unemployment Compensation have been included in this fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Village of Kenilworth
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (cont'd)

Governmental Funds (cont'd)

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or trust funds.

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The Village applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following:

Enterprise Fund – The Enterprise Fund is used to account for those operations that are financed and operated in a manner similar to private business, or where the intent of the governing body is that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Use of Estimates – The preparation of Proprietary Fund financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and reported amounts of revenue and expenses during the accounting period. The Village grants unsecured credit to its residents and various other customers for water usage. The Village monitors exposure for credit losses, and has determined no allowance for uncollectible accounts is necessary. Actual results could differ from these estimates.

Certain Significant Concentrations – Approximately 97%, or \$903,344, of revenue of the Proprietary Fund is from water service billings charged to Village residents and various other customers.

Fiduciary Funds account for assets held by the Village in a trustee capacity, or as an agent on behalf of others. Trust funds account for assets held by the Village under the terms of a formal trust agreement. Fiduciary funds include the following:

Expendable Trust Fund – The Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. The Expendable Trust Fund accounts for assets where both the principal and interest may be spent.

Village of Kenilworth
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Village maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "equity in pooled cash and investments." In addition, cash and investments are separately held by several of the Village's funds. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Statutes authorize the Village to invest in the following:

- Bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States as to principal and interest.
- Bonds, notes, debentures or similar obligations of the United States of America or its agencies.
- Savings accounts, certificates of deposit, time accounts, or other investments constituting direct obligations of a bank as defined by the Illinois Banking Act. Securities legally issuable by savings and loan associations incorporated under the laws of any state of the United States of America. Share accounts and share certificates of a credit union chartered under the laws of the state of Illinois or United States of America, provided the principal office of the credit union is located within the state of Illinois. Short-term discount obligations of the Federal National Mortgage Association (FNMA). Investments may be made only in financial institutions which are insured by either the Federal Deposit Insurance Corporation, or other applicable law for credit unions.
- Short-term obligations (maturing within 180 days of purchase) of corporations with assets exceeding five hundred million dollars (\$500,000,000). Such obligations must be rated, at the time of purchase, at one of the three highest classifications established by at least two standard rating services. This type of obligation is limited to one-third of the Village's funds available for investment, and cannot exceed 10% of the corporation's outstanding obligation.
- Money market mutual funds registered under the Investment Company Act of 1940, which invest only in bonds, notes, certificates of indebtedness, Treasury bills, other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest and agrees to repurchase such obligations.

Village of Kenilworth
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Equity (cont'd)

1. Deposits and Investments (cont'd)

- In addition, the Village may also invest in a fund managed, operated and administered by a bank.
- Repurchase agreements of government securities subject to The Government Securities Act of 1986.
- The Illinois Funds Money Market Fund and ICMA Retirement Corporation.

Investments with maturities of one year or more from the date of purchase, and investments of the Deferred Compensation Agency Fund are stated at fair value, based on quoted market prices. Investments with maturities of one year or less from the date of purchase are stated at amortized cost. All other investments which do not consider market rates are stated at cost. Investment income has been allocated to each fund based on investments held by the fund.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation, and are not expendable available resources.

The Village's property taxes are required to be levied by ordinance. A certified copy of the levy ordinance must be filed with the county clerk not later than the last Tuesday in December of each year. Taxes are due and collectible one-half on March 1 and one-half on September 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1.

Property taxes are based on the assessed valuation of the Village's real property as equalized by the state of Illinois. The equalized assessed valuation of real property totaled \$264,462,928 for the calendar year 2004.

Property tax receivables are shown net of allowances for doubtful amounts. The property tax receivable allowance is equal to one percent of the current year's tax levy.

**Village of Kenilworth
Notes to the Financial Statements (cont'd)**

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Equity (cont'd)

3. Restricted Investments

Bond covenants of the Village's Enterprise Fund require revenues derived from the operation of the waterworks system to be set aside for various purposes. These amounts are reported as restricted assets. The "Project Fund" segregates the unexpended bond proceeds. The "Operation and Maintenance Account" segregates investments to pay one-twelfth of the waterworks system's expenses computed on an annual basis. Investments restricted for debt service payments are segregated in the "Bond Account" for debt service payments over the next twelve months, and in the "Bond Reserve Account" for debt service payment beyond that period. The "Depreciation and Contingencies Account" segregates investments to pay the cost of replacements and repairs for the continued effective and efficient operation of the waterworks system.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the government-wide financial statements. The Village defines capital assets as assets with an initial cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives, are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of governmental activities is not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and structures	40 – 50
Sanitary and sewer system	10
Equipment	10
Vehicles	5

Village of Kenilworth
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Equity (cont'd)

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a straight-line method that approximates the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges, and amortized over the term of the related debt.

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

6. Compensated Absences

Employees are allowed to accumulate vacation days over their annual vacation accrual rate. Employees receive payment for all accumulated vacation days as of the date of separation of employment. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Upon separation, employees do not receive any payment for unused sick time.

7. Deferred Property Tax Revenue

Property tax revenues are recorded on the "deferred method." Because of the extraordinarily long period of time between the levy date and the receipt of tax distributions from the county collector, approximately one-half of the property taxes are not "available" to finance the current year's expenditures. For those funds on the modified accrual basis of accounting, the entire current year's tax levy is recorded as property taxes receivable, and approximately one-half of such levy is recorded as deferred tax revenue.

Village of Kenilworth
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Equity (cont'd)

8. Fund Equity

Reservations of fund balance represent amounts that are not appropriable, or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The Proprietary Fund's contributed capital represents equity acquired through capital grants, and capital contributions from developers, customers, or other funds.

II. Stewardship, Compliance and Accountability

Budgetary Information – The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Budget and Appropriation Ordinance is prepared in tentative form by the Village Manager, reviewed and approved by the Village Board, and is made available for public inspection at least ten days prior to final Board action. A public hearing is held on the tentative Budget and Appropriation Ordinance to obtain taxpayer comments.
- Prior to August 1, the Appropriation Ordinance is legally enacted through the passage of an Appropriation Ordinance. All actual expenditures contained herein have been compared to the annual operating budget, which is the same as the amount appropriated.
- The Board of Trustees may:
 - By two-thirds vote transfer, within any department, amounts appropriated for an object or purpose to another object or purpose. No object or purpose can be reduced below an amount sufficient to provide for all obligations incurred, or to be incurred, against the Appropriation.
 - Adopt a supplemental Appropriation Ordinance in an amount not to exceed any additional revenue available, including unappropriated fund balances or amount estimated to be received after adoption of the annual Appropriation Ordinance.

Village of Kenilworth
Notes to the Financial Statements (cont'd)

II. Stewardship, Compliance and Accountability (cont'd)

Budgetary Information (cont'd)

- No other Appropriation can be adopted during the fiscal year, unless approved by a petition signed by fifty (50) percent of the number of individuals who voted for Village President at the last general municipal election, or by a majority of individuals voting on the question in a regular general election or an emergency referendum.
- Management cannot amend the Budget and Appropriation Ordinance. However, expenditures may exceed appropriations at the subobject level. Expenditures that exceed individual appropriations at the object level must be approved by the Board of Trustees, as outlined above.
- The Village does not use the encumbrance method of accounting. Budgetary funds are controlled by an integrated budgetary accounting system, in accordance with various legal requirements which govern the Village.
- Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except for the Special Revenue Funds and Capital Projects Fund. All annual appropriations lapse at fiscal year end.

Excess of Expenditures Over Appropriations – For the year ended April 30, 2005, expenditures exceeded appropriations in the Debt Service Fund by \$432,963. The excess expenditures were funded by available fund balance and a refunding bond issue.

III. Detailed Notes For All Fund Types and Account Groups

A. Deposits and Investments

At year end, the Village's carrying amount of deposits was \$909,446, and the bank balance was \$923,694. Of the bank balance, \$100,000 was covered by Federal Depository Insurance, and the remaining balance of \$823,694 was collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name. There was no cash on hand at April 30, 2005.

Village of Kenilworth
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Fund Types and Account Groups (cont'd)

A. Deposits and Investments (cont'd)

The Village's investments at year end, which are not required to be categorized by credit risk, are shown below:

	Carrying Amount	Market Value
The Illinois Funds Money Market Fund:		
General Fund	\$ 1,017,467	\$ 1,017,467
Special Revenue Funds	566,018	566,018
Debt Service Funds	89,784	89,784
Enterprise Fund	249,483	249,483
 ICMA Retirement Corporation – Expendable Trust Fund	 944,076	 944,076
	\$ 2,866,828	\$ 2,866,828

A reconciliation of cash and investments as shown on the combined balance sheet follows:

Carrying amount of deposits	\$ 909,446
Carrying amount of investments	2,866,828
 Total	 \$ 3,776,274
 Equity in pooled cash and investments	 \$ 2,009,556
Cash	300,030
Investments	522,612
Investments – fiduciary fund type	944,076
 Total	 \$ 3,776,274

**Village of Kenilworth
Notes to the Financial Statements (cont'd)**

III. Detailed Notes For All Fund Types and Account Groups (cont'd)

B. Restricted Investments

Restricted investments are comprised of the following:

Enterprise Fund – restrictions for revenue bonds:	
Operation and maintenance	\$ 70,000
Bond	127,083
Bond reserve	16,000
Depreciation and contingencies	<u>36,400</u>
Total restricted investments	\$ 249,483

C. Capital Assets

Capital asset activity for the year ended April 30, 2005 was as follows:

	May 1, 2004	Additions	Deductions	April 30, 2005
Governmental activities:				
Capital assets being depreciated, except land:				
Land	\$ 169,931	\$ -	\$ -	\$ 169,931
Buildings	1,706,573	-	-	1,706,573
Sanitary and sewer system	833,608	157,614	-	991,222
Machinery and equipment	<u>733,138</u>	<u>86,540</u>	-	<u>819,678</u>
Capital assets being depreciated, except land	<u>3,443,250</u>	<u>244,154</u>	-	<u>3,687,404</u>
Less accumulated depreciation for:				
Buildings	160,221	33,892	-	194,113
Sanitary and sewer system	-	99,122	-	99,122
Machinery and equipment	<u>266,741</u>	<u>77,281</u>	-	<u>344,022</u>
Total accumulated depreciation	<u>426,962</u>	<u>210,295</u>	-	<u>637,257</u>
Governmental activities, capital assets, net	<u>\$ 3,016,288</u>	<u>\$ 33,859</u>	<u>\$ -</u>	<u>\$ 3,050,147</u>

Village of Kenilworth
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Fund Types and Account Groups (cont'd)

C. Capital Assets (cont'd)

A summary of changes in capital assets for business-type activities is as follows:

	May 1, 2004	Additions	Deductions	April 30, 2005
Business-type activities:				
Capital assets being				
depreciated, except land:				
Land	\$ 38,648	\$ -	\$ -	\$ 38,648
Water works system	7,590,477	430,085	-	8,020,562
Machinery and equipment	113,802	-	-	113,802
	7,742,927	430,085	-	8,173,012
Capital assets being				
depreciated, except				
land	7,742,927	430,085	-	8,173,012
Less accumulated				
depreciation for:				
Water works system	1,210,471	186,522	-	1,396,993
Machinery and equipment	83,750	11,468	-	95,218
	1,294,221	197,990	-	1,492,211
Total accumulated				
depreciation	1,294,221	197,990	-	1,492,211
Business-type activities,				
capital assets, net	\$ 6,448,706	\$ 232,095	\$ -	\$ 6,680,801

D. Interfund Receivables and Payables

The composition of interfund balances as of April 30, 2005 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects – Series 1999	\$ 9,097
General Fund	Enterprise Fund	395,368
		\$ 404,465

**Village of Kenilworth
Notes to the Financial Statements (cont'd)**

III. Detailed Notes For All Fund Types and Account Groups (cont'd)

E. Long-term Debt

The Village issues general obligation and revenue bonds to finance the purchase of major capital items, and the acquisition or construction of major capital facilities. The Village also issued water revenue bonds to finance improvements to the waterworks structures and equipment for the waterworks system. The revenue bonds are being repaid by Proprietary Fund revenues.

General Obligation Bonds	<u>Outstanding</u>
1999 general obligation bonds (alternate revenue source), original principal \$5,000,000, 4.65 – 5.00%, due annually in amounts ranging from \$220,000 to \$390,000 to 2019	\$ 4,120,000
2004 general obligation bonds (limited refunding), original principal \$425,000, 1.75%, due December 1, 2005	425,000
2002 general obligation bonds (alternate revenue source), original principal \$5,000,000, 2.00 – 4.80%, due annually in amounts ranging from \$185,000 to \$395,000 to 2022	<u>4,645,000</u>
Total general obligation bonds	9,190,000
Water Revenue Bonds	
1996 water revenue bonds, original principal \$600,000, 4.95%, due \$60,000 annually to 2007	<u>120,000</u>
Total long-term debt	<u>\$ 9,310,000</u>

**Village of Kenilworth
Notes to the Financial Statements (cont'd)**

III. Detailed Notes For All Fund Types and Account Groups (cont'd)

E. Long-term Debt (cont'd)

Debt Service Requirements to Maturity

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental activities:			
Due in 2006:			
Series 1999	\$ 220,000	\$ 201,166	\$ 421,166
Series 2004	425,000	11,157	436,157
2006	645,000	212,323	857,323
2007	225,000	190,824	415,824
2008	235,000	180,250	415,250
2009	245,000	169,206	414,206
2010	260,000	157,690	417,690
2011 – 2015	1,480,000	589,864	2,069,864
2016 – 2019	1,455,000	186,000	1,641,000
Total govern- mental activities	4,545,000	1,686,157	6,231,157
Business-type activities:			
Due in 2006:			
Series 1996	60,000	4,455	64,455
Series 2002	185,000	211,826	396,826
2006	245,000	216,281	461,281
2007	250,000	205,541	455,541
2008	200,000	196,076	396,076
2009	210,000	187,676	397,676
2010	220,000	178,856	398,856
2011 – 2015	1,260,000	744,033	2,004,033
2016 – 2020	1,610,000	424,270	2,034,270
2021 – 2022	770,000	55,920	825,920
Total business- type activities	4,765,000	2,208,653	6,973,653
Total	\$ 9,310,000	\$ 3,894,810	\$ 13,204,810

**Village of Kenilworth
Notes to the Financial Statements (cont'd)**

III. Detailed Notes For All Fund Types and Account Groups (cont'd)

E. Long-term Debt (cont'd)

The following is a summary of noncurrent liabilities transactions of the Village for the year ended April 30, 2005:

Payable at May 1, 2004	\$	9,760,000
Bonds issued		425,000
Bonds retired		<u>(875,000)</u>
Payable at April 30, 2005	\$	<u>9,310,000</u>

F. Fund Equity

The amounts reported on the combined balance sheet identified as reserved for restricted revenues are comprised of the following:

General Fund:		
Police Retirement	\$	10,893
Liability, Workers' Compensation, and Unemployment Compensation Insurance		<u>69,726</u>
	\$	<u>80,619</u>
Enterprise Fund – water revenue bond accounts:		
Operation and maintenance	\$	70,000
Bond		127,083
Bond reserve		16,000
Depreciation and contingencies		<u>36,400</u>
Total water revenue bond accounts	\$	<u>249,483</u>

Village of Kenilworth
Notes to the Financial Statements (cont'd)

III. Detailed Notes For All Fund Types and Account Groups (cont'd)

G. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between net changes in fund balance – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that: “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$	244,154
Depreciation		<u>(210,295)</u>
Net increase to net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities	\$	<u>33,859</u>

Another element of the reconciliation states: “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this difference are as follows:

Recognition of certain revenues on the full accrual basis, net of the effect of full accrual recognition in the prior year:		
Bond proceeds	\$	(425,000)
Bond repayments		<u>635,000</u>
Net increase to net change in fund balance – total governmental funds to arrive at change in net assets of governmental activities	\$	<u>210,000</u>

Village of Kenilworth
Notes to the Financial Statements (cont'd)

IV. Other Information

A. Risk Management

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool their risk management needs. The Agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$1,000 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA, and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

At April 30, 2005, the Village has a deposit of \$44,133 representing the Village's members' reserve with IRMA.

A copy of these financial statements can be obtained at the Village of Kenilworth, 419 Richmond Road, Kenilworth, Illinois.

Village of Kenilworth
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

B. Joint Ventures

The Village, along with eight other municipalities and governmental entities, is a member of the North Suburban Employee Benefit Cooperative (Cooperative), which administers certain employee benefit programs on a self-funded basis. Claims incurred above a specified amount and in the aggregate will be insured. Each member agency contributes to the Cooperative according to a formula based on the number of employees enrolled. Additional funds, which may be needed, will be assessed against each member to meet self-funded claims, and will be determined periodically by the Cooperative. At April 30, 2002, the Cooperative had excess of liabilities over assets of \$1,071,237 in the health care and dental plan. The Village contributed \$258,485 for the year ended April 30, 2005. Funding of the Cooperative is provided from the governmental and proprietary funds of the Village. The Village does not have a direct financial interest in the Cooperative and, therefore, its investment therein is not reported within the financial statements. Upon dissolution of the Cooperative, or termination by the Village, the assets, if any, that are available shall be divided among the members based on participation units, as defined in the agreement, as a proportionate percentage of all participation units.

A complete separate financial statement for the Cooperative can be obtained from the Cooperative's administrative offices at Suite 280, 900 North Shore Drive, Lake Bluff, Illinois.

The Village, along with twenty-two other area municipalities, is a member of the Solid Waste Agency of Northern Cook County (the Agency), a municipal joint action agency, created as of May 2, 1988. As of April 30, 2005, the Agency has approximately \$9,950,000 outstanding in long-term debt used to acquire equipment, and to construct and equip a waste project, to dispose of the municipal waste received from its members, on a site acquired by the Agency. Each member community is obligated under project use agreements to pay its allocable share of project costs, based on a defined formula. Funding of the Agency is provided from the governmental funds of the Village. The Village does not have a direct financial interest in the Agency and, therefore, its investment therein is not reported within the financial statements.

A complete separate financial statement for the Agency can be obtained from the Agency's administrative offices at 1616 East Golf Road, Des Plaines, Illinois.

C. Subsequent Events

In May 2005, the Village issued \$425,000 of general obligation bonds in order to meet the debt service requirements of the \$5,000,000 general obligation bonds, series 1999.

**Village of Kenilworth
Notes to the Financial Statements (cont'd)**

IV. Other Information (cont'd)

D. Pension and Retirement Commitments

The Village participates in two contributory retirement plans. Law enforcement officers are covered under the Police Pension Fund of the Village of Kenilworth (a single employer plan administered by a separate Police Pension Board of Trustees). The Illinois Municipal Retirement Fund (a statewide plan) covers substantially all full-time employees, except law enforcement officers.

Police Pension Retirement Plan – Statutes of the state of Illinois require that each municipality shall levy taxes each year in an amount which, when added to the deduction from the salaries of policemen and receipts available from other sources, will equal a sum sufficient to meet the normal cost requirements of the Pension Fund and, in addition thereto, the amount necessary to amortize any unfunded actuarial accrued liability over a period of twenty-nine years.

As of April 30, 2004, the annual required contribution of the Village necessary to cover normal cost was calculated to be \$84,599, and the annual required contribution necessary to amortize the unfunded actuarial accrued liability over a period of twenty-nine years was calculated to be \$104,002. It is the Village's policy to fund annual pension cost as accrued. Total contributions to the Police Pension Fund by the Village totaled \$145,580 for the current year. Payroll for employees covered by the Police Pension Plan for the year ended April 30, 2005 was \$680,060 (\$596,019 in 2004), out of a total Village payroll of \$1,678,406.

The actuarial accrued liability and net assets held in trust for pension benefits at April 30, 2004 (date of the most recent actuarial valuation), as reflected in a report prepared by the Illinois Department of Insurance, is presented below:

Actuarial accrued liability:	
Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 4,705,589
Current employees:	
Accumulated employee contributions, including allocated investment earnings)
Employer-financed, vested)
Employer-financed, nonvested) <u>2,472,233</u>
Total actuarial accrued liability	7,177,822
Net assets available for benefits, at the lower of cost or market (cost, \$4,708,737)	<u>4,719,837</u>
Unfunded actuarial accrued liability	<u>\$ 2,457,985</u>

Village of Kenilworth
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

D. Pension and Retirement Commitments (cont'd)

Police Pension Retirement Plan (cont'd)

Information regarding the actuarial present value of vested and nonvested accumulated benefits is not available.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Trend information for the three plan years ended April 30, 2002, 2001, and 2000, respectively, is as follows:

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/02	\$ 167,124	87.11 %	\$ 0
04/30/01	140,953	98.37	0
04/30/00	90,335	98.24	0

The April 30, 2002 actuarial valuation was used in determining the 2004 tax levy for Police Pension Fund contribution.

Complete financial statements for the Police Pension Fund, including ten year trend information, can be obtained from the Fund's Administrative Offices at 419 Richmond Road, Kenilworth, Illinois.

Illinois Municipal Retirement Fund – The Village's defined benefit pension plan, the Illinois Municipal Retirement Fund ("IMRF"), provided retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, Suite 500, 2211 York Road, Oak Brook, Illinois 60523.

Village of Kenilworth
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

D. Pension and Retirement Commitments (cont'd)

Illinois Municipal Retirement Fund (cont'd)

Employees participating in the IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The Village is required to contribute at an actuarially determined rate. The employer rate for the calendar year 2004 was 11.50 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF's Board of Trustees. The IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2004 was 28 years.

For December 31, 2004, the Village's annual pension cost of \$96,600 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include: (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of the IMRF's 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 assumptions used for the 2004 actuarial valuation were based on the 1999 - 2001 experience study.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information may be found on page 41 of the Village's annual financial report.

Trend information for the three plan years ended December 31, 2004, 2003, and 2002, respectively, is as follows:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/04	\$ 96,600	100 %	\$ 0
12/31/03	74,520	100	0
12/31/02	68,229	100	0

Village of Kenilworth
Notes to the Financial Statements (cont'd)

IV. Other Information (cont'd)

E. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Village employees, permits them to defer a portion of their salary until future years. Plan members may contribute up to 33-1/3% of annual covered payroll, not to exceed \$13,000. The Village does not contribute any money to the plan. At April 30, 2005, there were eighteen plan members. Plan provisions and contribution requirements are established and may be amended by the Village's Board of Trustees.

Basis of Accounting – The plan's financial statements are prepared using the modified accrual basis of accounting. Plan member contributions are recognized in the period that the contributions are susceptible to accrual (when they are "measurable and available").

Method Used to Value Investments – Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION

**Village of Kenilworth
 Illinois Municipal Retirement Fund
 Required Supplementary Information -
 Schedule of Funding Progress
 April 30, 2005**

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)
12/31/04	\$ 2,338,448	\$ 3,072,344	\$ 733,896	76.11 %	\$ 840,000	87.37 %
12/31/03	2,204,097	2,834,534	630,437	77.76	842,983	74.79
12/31/02	2,184,574	2,602,346	417,772	83.95	812,254	51.43

On a market value basis, the actuarial value of assets as of December 31, 2003 is \$1,989,626.
 On a market basis, the funded ratio would be 70.19%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2003 were changed due to the 1999 - 2001 experience study.

The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For Regular members, fewer normal and early retirements are expected to occur.

See independent auditor's report.

**Village of Kenilworth
Police Pension Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2005**

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)
4/30/04	\$ 4,719,857	\$ 7,177,822	\$ 2,457,965	65.76 %	\$ 596,019	412.40 %
4/30/03	4,444,993	6,823,508	2,378,515	65.14	534,102	445.33
4/30/02	4,607,495	6,881,422	2,273,927	66.96	556,256	408.79

Analysis of the dollar amounts of the actuarial value of assets, actuarially accrued liability, and unfunded actuarially accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarially accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in unfunded actuarially accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarially accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation, and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

See independent auditor's report.

SUPPLEMENTARY FINANCIAL INFORMATION

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes:			
General	\$ 1,575,738	\$ 1,525,125	\$ (50,613)
Illinois Municipal Retirement	107,019	128,611	21,592
Police Pension	161,735	148,547	(13,188)
Audit	12,500	12,369	(131)
Liability Insurance	46,750	45,674	(1,076)
Workers' Compensation Insurance	38,250	37,463	(787)
Unemployment Compensation	1,570	1,616	46
Total property taxes	1,943,562	1,899,405	(44,157)
Other taxes:			
Replacement tax	19,250	26,906	7,656
State sales tax	55,000	51,521	(3,479)
State income tax	160,000	182,397	22,397
Local use tax	22,000	25,796	3,796
Utility taxes	300,000	287,698	(12,302)
Miscellaneous tax	1,000	-	(1,000)
Total other taxes	557,250	574,318	17,068
Fines:			
Circuit court fines	20,000	11,466	(8,534)
Village ordinance fines	45,000	24,374	(20,626)
Total fines	65,000	35,840	(29,160)
Licenses:			
Vehicle license	54,000	50,538	(3,462)
Animal license	4,400	3,743	(657)
Total licenses	58,400	54,281	(4,119)

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues (cont'd):			
Permits:			
Building	\$ 308,300	\$ 284,673	\$ (23,627)
Electrical	-	276	276
Plumbing	-	7,947	7,947
Fence	2,000	1,504	(496)
Parking	35,000	34,616	(384)
Plan review	55,000	65,218	10,218
Total permits	400,300	394,234	(6,066)
Service charges:			
Ambulance user fees	12,000	10,097	(1,903)
Beach fees	15,000	16,589	1,589
Fire and burglar alarm fees	17,000	17,518	518
Sales of yard waste bags and stickers	9,000	7,516	(1,484)
State highway maintenance	4,751	4,955	204
Special duty detail	4,500	3,020	(1,480)
Waste collection	131,250	125,612	(5,638)
Antenna lease fee	80,500	79,067	(1,433)
Miscellaneous fees	1,000	1,675	675
Total service charges	275,001	266,049	(8,952)
Franchise fees:			
Cable television	24,000	17,421	(6,579)
Telephone	7,000	4,833	(2,167)
Total franchise fees	31,000	22,254	(8,746)
Miscellaneous income:			
Interest income	15,000	10,489	(4,511)
State grants	-	16,667	16,667
Other income	-	12,482	12,482
Total miscellaneous income	15,000	39,638	24,638
Total revenues	3,345,513	3,286,019	(59,494)

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures:			
Administrative:			
Personnel:			
Salaries:			
Regular	\$ 87,005	\$ 90,250	\$ (3,245)
Overtime	900	7,614	(6,714)
Part-time	28,567	18,619	9,948
Officials	100	-	100
Employee benefits:			
Medical	36,432	37,957	(1,525)
Dental	3,358	3,493	(135)
Life	372	405	(33)
Illinois Municipal Retirement	17,500	16,748	752
	<u>174,234</u>	<u>175,086</u>	<u>(852)</u>
Contractual services:			
Auditing	12,500	16,932	(4,432)
Plan review and inspection	145,000	141,801	3,199
Park District services	4,000	4,000	-
Printing and publishing	5,200	5,998	(798)
Telephone	5,000	4,236	764
Miscellaneous	2,000	1,779	221
Professional fees	67,000	73,216	(6,216)
Postage	4,000	3,107	893
Dues, membership and subscriptions	2,000	4,314	(2,314)
Outside maintenance services	-	5,542	(5,542)
Repair and maintenance of vehicles and equipment	500	410	90
	<u>247,200</u>	<u>261,335</u>	<u>(14,135)</u>

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):			
Administrative (cont'd):			
Commodities:			
Office supplies	\$ 4,000	\$ 3,725	\$ 275
Other supplies	-	503	(503)
	<u>4,000</u>	<u>4,228</u>	<u>(228)</u>
Other expenses:			
Fuel	400	293	107
Recruitment and training	4,500	5,507	(1,007)
Miscellaneous	9,000	2,763	6,237
Auto allowance	3,600	3,600	-
	<u>17,500</u>	<u>12,163</u>	<u>5,337</u>
Capital outlay:			
Machinery and equipment	-	7,569	(7,569)
Office furniture	500	-	500
Software	6,000	1,180	4,820
Computer equipment	10,500	1,323	9,177
	<u>17,000</u>	<u>10,072</u>	<u>6,928</u>
Total administrative	<u>459,934</u>	<u>462,884</u>	<u>(2,950)</u>
Retirement - police retirement	<u>164,407</u>	<u>145,580</u>	<u>18,827</u>
Support services:			
Insurance - liability, and workers' compensation	85,000	81,585	3,415
Village attorney	60,000	90,896	(30,896)
Village prosecutor	3,600	-	3,600
Maintenance of office equipment	5,000	-	5,000
Internet service	1,000	1,009	(9)
Total support services	<u>154,600</u>	<u>173,490</u>	<u>(18,890)</u>

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):			
Building and grounds:			
Personnel - maintenance salaries	\$ 19,117	\$ 15,618	\$ 3,499
Employee benefits - Illinois Municipal Retirement	2,790	2,670	120
Contractual services - outside maintenance	5,000	8,627	(3,627)
Commodities:			
Building repairs - Village hall	20,000	21,391	(1,391)
Building repairs - public works	5,000	2,051	2,949
Maintenance and other supplies	1,500	2,221	(721)
Heating, electric and water utilities	-	3	(3)
	26,500	25,666	834
Total building and grounds	53,407	52,581	826
Street department:			
Personnel - salaries:			
Regular	169,316	169,313	3
Overtime	5,000	7,122	(2,122)
Employee benefits:			
Medical	29,008	30,222	(1,214)
Dental	2,628	2,733	(105)
Life	298	325	(27)
Illinois Municipal Retirement	32,950	31,534	1,416
	239,200	241,249	(2,049)
Contractual services:			
Telephone	1,250	1,250	-
Outside maintenance	4,500	750	3,750
Repair and maintenance of vehicles and equipment	10,000	11,257	(1,257)

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):			
Street department (cont'd):			
Contractual services (cont'd):			
Signs - traffic and streets	\$ 4,000	\$ 2,833	\$ 1,167
Equipment rental	1,000	-	1,000
	<u>20,750</u>	<u>16,090</u>	<u>4,660</u>
Commodities:			
Office supplies	300	100	200
Other supplies	4,500	1,121	3,379
Maintenance supplies	14,000	12,172	1,828
Uniforms	1,000	591	409
	<u>19,800</u>	<u>13,984</u>	<u>5,816</u>
Other expenses:			
Auto allowance	3,600	3,600	-
Fuel	3,700	5,147	(1,447)
	<u>7,300</u>	<u>8,747</u>	<u>(1,447)</u>
Capital outlay:			
Computer equipment	-	50	(50)
Street and sidewalk improvement	33,000	30,933	2,067
	<u>33,000</u>	<u>30,983</u>	<u>2,017</u>
Total street department	<u>320,050</u>	<u>311,053</u>	<u>8,997</u>
Waste removal:			
Personnel - salaries - regular	66,997	65,498	1,499
Employee benefits - Illinois Municipal Retirement	13,165	12,599	566

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):			
Waste removal (cont'd):			
Contractual services:			
Recycling	\$ 6,000	\$ 6,900	\$ (900)
Waste removal - regular	98,700	98,700	-
Waste removal - extra	5,000	2,880	2,120
Yard waste disposal	195,000	139,313	55,687
Leaf pickup	6,000	6,000	-
	<u>310,700</u>	<u>253,793</u>	<u>56,907</u>
Commodities - other supplies	10,000	28,446	(18,446)
Total waste removal	<u>400,862</u>	<u>360,336</u>	<u>40,526</u>
Forestry:			
Contractual services:			
Tree trimming	20,000	17,675	2,325
Tree removal	16,000	13,090	2,910
Tree planting program	2,000	775	1,225
Total forestry	<u>38,000</u>	<u>31,540</u>	<u>6,460</u>
Street lighting:			
Personnel - salaries - regular	21,870	22,150	(280)
Employee benefits - Illinois Municipal Retirement	4,297	4,112	185
Contractual services - repair and maintenance of vehicles and equipment	1,500	3,024	(1,524)
Commodities:			
Other supplies	3,500	4,271	(771)
Heating, electric and water utilities	16,500	18,760	(2,260)
	<u>20,000</u>	<u>23,031</u>	<u>(3,031)</u>

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):			
Street lighting (cont'd):			
Other expenses - fuel	\$ 700	\$ -	\$ 700
Capital outlay	-	3,824	(3,824)
Total street lighting	48,367	56,141	(7,774)
Beach:			
Personnel - salaries - part-time	16,000	20,942	(4,942)
Contractual services:			
Printing and publishing	500	1,059	(559)
Telephone	400	175	225
Miscellaneous	200	175	25
Laboratory services	1,500	557	943
	2,600	1,966	634
Commodities - other supplies	2,000	4,616	(2,616)
Other - recruitment and training	300	-	300
Total beach	20,900	27,524	(6,624)
Police department:			
Personnel:			
Salaries:			
Regular	826,248	851,929	(25,681)
Overtime	57,000	80,398	(23,398)
Part-time	44,557	45,509	(952)
Employee benefits:			
Medical	150,516	156,817	(6,301)
Dental	14,552	15,136	(584)
Life	1,434	1,564	(130)
Illinois Municipal Retirement	37,826	36,200	1,626
	1,132,133	1,187,553	(55,420)

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):			
Police department (cont'd):			
Contractual services:			
Maintenance - office equipment	\$ 600	\$ 423	\$ 177
Printing and publishing	1,600	1,008	592
Telephone	10,000	9,519	481
Cellular service	1,300	1,614	(314)
Pager service	100	-	100
LEADS teletype	5,000	4,413	587
Animal control and health official	5,040	4,200	840
Postage	1,000	817	183
Dues, memberships and subscriptions	14,600	30,126	(15,526)
Repair and maintenance of vehicles and equipment	21,000	19,295	1,705
	<u>60,240</u>	<u>71,415</u>	<u>(11,175)</u>
Commodities:			
Office supplies	2,000	1,185	815
Other supplies	10,000	8,269	1,731
Uniforms	15,450	16,394	(944)
	<u>27,450</u>	<u>25,848</u>	<u>1,602</u>
Other expenses:			
Auto allowance	3,600	3,900	(300)
Fuel	8,800	10,363	(1,563)
Recruitment and training	24,400	22,366	2,034
Community service	2,100	2,469	(369)
Miscellaneous	-	643	(643)
	<u>38,900</u>	<u>39,741</u>	<u>(841)</u>
Capital outlay:			
Machinery and equipment	12,000	11,920	80
Software	1,800	395	1,405
Computer equipment	10,000	27,361	(17,361)

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures (cont'd):			
Police department (cont'd):			
Capital outlay (cont'd):			
Vehicles	\$ 21,500	\$ 21,456	\$ 44
	45,300	61,132	(15,832)
Total police department	1,304,023	1,385,689	(81,666)
Fire department:			
Personnel - salaries - regular	8,846	2,776	6,070
Employee benefits - Illinois			
Municipal Retirement	294	281	13
Contractual services - fire protection	376,000	375,635	365
Commodities - fire hydrants	4,200	-	4,200
Total fire department	389,340	378,692	10,648
Total expenditures	3,353,890	3,385,510	(31,620)
Revenues under expenditures before other financing sources	(8,377)	(99,491)	(91,114)
Other financing sources - proceeds from sale of equipment	-	2,656	2,656
Total other financing sources	-	2,656	2,656
Revenues and other financing sources under expenditures	\$ (8,377)	(96,835)	\$ (88,458)
Fund balance, beginning of the year		1,925,574	
Fund balance, end of the year		\$ 1,828,739	

**Village of Kenilworth
Combining Balance Sheet -
Nonmajor Governmental Funds
April 30, 2005**

Assets	Special Revenue Funds	Capital Projects Fund	Total
Equity in pooled cash and investments	\$ 272,823	\$ -	\$ 272,823
Cash	54,766	-	54,766
Investments	273,129	-	273,129
Accounts receivable, other	5,025	-	5,025
Total assets	\$ 605,743	\$ -	\$ 605,743
Liabilities and Equity			
Liabilities:			
Accounts payable	\$ 18,809	\$ -	\$ 18,809
Due to other funds	-	9,097	9,097
Total liabilities	18,809	9,097	27,906
Fund balance (deficit) - unreserved and undesignated	586,934	(9,097)	577,837
Total liabilities and equity	\$ 605,743	\$ -	\$ 605,743

**Village of Kenilworth
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance -
Nonmajor Governmental Funds
For the Year Ended April 30, 2005**

	Special Revenue Funds	Capital Projects Fund	Total
Revenues:			
Other taxes	\$ 119,235	\$ -	\$ 119,235
State funds and grants	72,341	-	72,341
Sewer charges	51,841	-	51,841
Miscellaneous - interest income	10,440	-	10,440
Total revenues	253,857	-	253,857
Expenditures:			
Contractual services:			
Telephone	12,580	-	12,580
Outside maintenance services	32,901	-	32,901
Engineering	75,158	9,097	84,255
Street maintenance	378,739	-	378,739
Recruitment and training	190	-	190
Repairs and maintenance vehicles and equipment	3,652	-	3,652
	503,220	9,097	512,317
Commodities:			
Other supplies	1,718	-	1,718
Maintenance supplies	3,290	-	3,290
	5,008	-	5,008
Other expenses - miscellaneous	1,352	-	1,352
Capital outlay, machinery and equipment	194,640	-	194,640
Total expenditures	704,220	9,097	713,317
Revenues under expenditures	(450,363)	(9,097)	(459,460)
Fund balance, beginning of the year	1,037,297	-	1,037,297
Fund balance (deficit), end of the year	\$ 586,934	\$ (9,097)	\$ 577,837

**Village of Kenilworth
Special Revenue Funds
Combining Balance Sheet
April 30, 2005**

Assets	<u>Sewer Service</u>	<u>Motor Fuel Tax</u>	<u>911 Service</u>	<u>Total</u>
Equity in pooled cash and investments	\$ 222,044	\$ (24,630)	\$ 75,409	\$ 272,823
Cash	-	-	54,766	54,766
Investments	-	273,129	-	273,129
Accounts receivable, other	5,025	-	-	5,025
Total assets	<u>\$ 227,069</u>	<u>\$ 248,499</u>	<u>\$ 130,175</u>	<u>\$ 605,743</u>
Liabilities and Equity				
Liabilities, accounts payable	\$ 17,700	\$ -	\$ 1,109	\$ 18,809
Total liabilities	17,700	-	1,109	18,809
Fund balance - unreserved, undesignated	209,369	248,499	129,066	586,934
Total liabilities and equity	<u>\$ 227,069</u>	<u>\$ 248,499</u>	<u>\$ 130,175</u>	<u>\$ 605,743</u>

**Village of Kenilworth
Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended April 30, 2005**

	Sewer Service	Motor Fuel Tax	911 Service	Total
Revenues:				
Other taxes	\$ -	\$ -	\$ 119,235	\$ 119,235
State funds and grants	-	72,341	-	72,341
Sewer charges	51,841	-	-	51,841
Miscellaneous - interest income	2,473	5,651	2,316	10,440
Total revenues	54,314	77,992	121,551	253,857
Expenditures:				
Contractual services:				
Telephone	-	-	12,580	12,580
Outside maintenance services	16,159	-	16,742	32,901
Engineering	30,867	44,291	-	75,158
Street maintenance	-	378,739	-	378,739
Recruitment and training	-	-	190	190
Repairs and maintenance vehicles and equipment	3,652	-	-	3,652
	50,678	423,030	29,512	503,220
Commodities:				
Other supplies	1,718	-	-	1,718
Maintenance supplies	3,290	-	-	3,290
	5,008	-	-	5,008
Other expenses - miscellaneous	-	-	1,352	1,352
Capital outlay, machinery and equipment	157,614	-	37,026	194,640
Total expenditures	213,300	423,030	67,890	704,220
Revenues over (under) expenditures	(158,986)	(345,038)	53,661	(450,363)
Fund balance, beginning of the year	368,355	593,537	75,405	1,037,297
Fund balance, end of the year	\$ 209,369	\$ 248,499	\$ 129,066	\$ 586,934

**Village of Kenilworth
Debt Service Funds
Combining Balance Sheet
April 30, 2005**

Assets	<u>Alternate Bond and Interest Fund of 1999</u>	<u>Refunding Bond and Interest Fund of 2004</u>
Equity in pooled cash and investments	\$ 13,381	\$ 186,479
Cash	194,874	-
Property taxes receivable - net of allowance for loss on collection	-	245,414
Total assets	<u>\$ 208,255</u>	<u>\$ 431,893</u>
Liabilities and Equity		
Liabilities:		
Deferred income - property taxes	\$ -	\$ 215,928
Interest payable	-	5,615
Bonds payable	-	212,500
Total liabilities	-	434,043
Fund balance (deficit) - reserved for debt service	208,255	(2,150)
Total liabilities and equity	<u>\$ 208,255</u>	<u>\$ 431,893</u>

Total

\$ 199,860
194,874

245,414

\$ 640,148

\$ 215,928
5,615
212,500

434,043

206,105

\$ 640,148

**Village of Kenilworth
Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2005**

	Alternate Bond and Interest Fund of 1999	Refunding Bond and Interest Fund of 2003
Revenues:		
Property taxes	\$ -	\$ 225,022
General - interest earned	8,259	631
Total revenues	8,259	225,653
Expenditures:		
General obligation bonds	210,000	212,500
Interest	211,035	2,885
Paying agent's fees and other	-	-
Bond issuance costs	5,000	-
Total expenditures	426,035	215,385
Revenues over (under) expenditures before other financing sources	(417,776)	10,268
Other financing sources, bond proceeds	425,000	-
Revenues and other financing sources over (under) expenditures	7,224	10,268
Fund balance (deficit), beginning of the year	194,358	(3,595)
Residual equity transfer	6,673	(6,673)
Fund balance (deficit), end of the year	\$ 208,255	\$ -

<u>Refunding Bond and Interest Fund of 2004</u>	<u>Total</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
\$ 215,928	\$ 440,950	\$ 420,935	\$ 20,015
-	8,890	3,500	5,390
<u>215,928</u>	<u>449,840</u>	<u>424,435</u>	<u>25,405</u>
212,500	635,000	200,000	(435,000)
5,578	219,498	220,335	837
-	-	6,200	6,200
-	5,000	-	(5,000)
<u>218,078</u>	<u>859,498</u>	<u>426,535</u>	<u>(432,963)</u>
(2,150)	(409,658)	\$ (2,100)	\$ (407,558)
-	425,000		
(2,150)	15,342		
-	190,763		
-	-		
<u>\$ (2,150)</u>	<u>\$ 206,105</u>		

Village of Kenilworth
Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended April 30, 2005

	Series 1999 Project Fund
Revenues - general - interest earned	\$ -
Expenditures - engineering costs	9,097
Revenues under expenditures before other financing sources	(9,097)
Other financing source - operating transfer in	-
Revenues and other financing sources under expenditures	(9,097)
Fund balance, beginning of the year	-
Fund (deficit), end of the year	\$ (9,097)

**Village of Kenilworth
Water Works System Fund
Statement of Revenues, Expenses -
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Service charges:			
Metered	\$ 860,000	\$ 785,484	\$ (74,516)
Hydrant	4,200	-	(4,200)
Meter charge	120,000	117,860	(2,140)
	<u>984,200</u>	<u>903,344</u>	<u>(80,856)</u>
Interest income	10,000	20,492	10,492
Other income	-	2,818	2,818
	<u>994,200</u>	<u>926,654</u>	<u>(67,546)</u>
Expenses:			
Operations:			
Personnel:			
Salaries:			
Regular	271,257	269,535	1,722
Overtime	11,000	11,133	(133)
Employee benefits:			
Medical	48,576	50,610	(2,034)
Dental	4,477	4,657	(180)
Life	376	410	(34)
Illinois Municipal Retirement	52,333	50,084	2,249
	<u>388,019</u>	<u>386,429</u>	<u>1,590</u>
Contractual services:			
Administrative	3,500	3,436	64
Village attorney	20,000	31,268	(11,268)
Engineering and professional fees	4,000	48,045	(44,045)
Printing and publishing	1,000	1,214	(214)
Telephone	2,100	4,170	(2,070)
Outside maintenance	3,000	2,856	144
Miscellaneous	2,000	4,310	(2,310)
Laboratory	6,000	4,226	1,774

(cont'd)

**Village of Kenilworth
Water Works System Fund
Statement of Revenues, Expenses -
Budget (Non-GAAP Budgetary Basis) and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenses (cont'd):			
Operations (cont'd):			
Contractual services (cont'd):			
Postage	\$ 2,000	\$ 1,614	\$ 386
Dues, memberships and subscriptions	1,080	1,120	(40)
Equipment rental	-	311	(311)
Repair and maintenance of vehicles and equipment	1,000	5,878	(4,878)
	<u>45,680</u>	<u>108,448</u>	<u>(62,768)</u>
Commodities:			
Office supplies	250	415	(165)
Other supplies	3,000	1,810	1,190
Maintenance supplies	2,000	2,185	(185)
Heating, electric, and water utilities	20,000	30,424	(10,424)
Uniforms	800	242	558
Chemicals	10,000	9,519	481
Sewer use charge	5,500	242	5,258
Meter supplies	6,000	4,946	1,054
	<u>47,550</u>	<u>49,783</u>	<u>(2,233)</u>
Other expenses:			
Auto allowance	3,600	3,600	-
Fuel for vehicles and equipment	1,200	2,500	(1,300)
Recruitment and training	700	419	281
Paying agent fees and bond issuance costs	600	600	-
Purchased water	20,000	354	19,646
	<u>26,100</u>	<u>7,473</u>	<u>18,627</u>

(cont'd)

**Village of Kenilworth
Water Works System Fund
Statement of Revenues, Expenses -
Budget (Non-GAAP Budgetary Basis) and Actual (cont'd)
For the Year Ended April 30, 2005**

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenses (cont'd):			
Operations (cont'd):			
Capital outlay:			
Machinery and equipment	\$ 6,500	\$ 1,998	\$ 4,502
Buildings and grounds	587,500	21,106	566,394
Water mains - repairs	1,500	711	789
Software	1,000	140	860
	<u>596,500</u>	<u>23,955</u>	<u>572,545</u>
Depreciation	-	197,989	(197,989)
Total operating expenses	1,103,849	774,077	329,772
Debt service - bond interest	226,631	225,180	1,451
Total expenses	<u>1,330,480</u>	<u>999,257</u>	<u>331,223</u>
Net loss	<u>\$ (336,280)</u>	<u>(72,603)</u>	<u>\$ 263,677</u>
Add depreciation on contributed assets acquired with governmental fund type contributions		<u>16,357</u>	
Decrease in retained earnings		<u>\$ (56,246)</u>	

**Village of Kenilworth
Water Works System Fund
Statement of Changes in Equity by Accounts
For the Year Ended April 30, 2005**

	Water Fund Account	Operation and Maintenance	Bond
Contributed capital:			
Balance, beginning of the year	\$ 692,317	\$ -	\$ -
Deduct depreciation expense	(16,357)	-	-
Balance, end of the year	<u>\$ 675,960</u>	<u>\$ -</u>	<u>\$ -</u>
Retained earnings:			
Balance, beginning of the year	\$ 964,567	\$ 70,000	\$ 125,000
Add (deduct):			
Net loss	(56,246)	-	-
Other changes in accounts balance, per bond ordinance	(6,283)	-	2,083
	<u>(62,529)</u>	<u>-</u>	<u>2,083</u>
Balance, end of the year	<u>\$ 902,038</u>	<u>\$ 70,000</u>	<u>\$ 127,083</u>

Restricted Accounts			
Bond Reserve	Depreciation and Contingencies	Total Restricted Accounts	Total
\$ -	\$ -	\$ -	\$ 692,317
-	-	-	(16,357)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675,960</u>
\$ 16,000	\$ 32,200	\$ 243,200	\$ 1,207,767
-	-	-	(56,246)
-	4,200	6,283	-
-	4,200	6,283	(56,246)
<u>\$ 16,000</u>	<u>\$ 36,400</u>	<u>\$ 249,483</u>	<u>\$ 1,151,521</u>

**Village of Kenilworth
Water Works System Fund
Schedule of Changes in Capital Assets
and Accumulated Depreciation
For the Year Ended April 30, 2005**

	Properties *		
	Balance May 1, 2004	Additions	Deductions/ Transfers
Land	\$ 38,648	\$ -	\$ -
Breakwater	43,662	37,250	-
Source of supply	18,208	-	-
Water plant structures	986,516	5,180,023	-
Substation structures	2,108	-	-
Pumping and purification equipment	1,133,708	-	-
Water tower	379,922	-	-
Mains and hydrants	215,962	-	-
Meters	23,203	-	-
General equipment	43,408	-	-
Autos and trucks	65,333	-	-
Office furniture and fixtures	5,061	-	-
Construction in progress	4,787,188	(4,787,188)	-
	<u>\$ 7,742,927</u>	<u>\$ 430,085</u>	<u>\$ -</u>

* Depreciation totaling \$22,451 to October 1, 1935 was credited to property accounts.

Accumulated Depreciation *				
Balance April 30, 2005	Balance May 1, 2004	Additions	Deductions	Balance April 30, 2005
\$ 38,648	\$ -	\$ -	\$ -	\$ -
80,912	43,662	931	-	44,593
18,208	17,954	254	-	18,208
6,166,539	339,352	147,695	-	487,047
2,108	2,108	-	-	2,108
1,133,708	462,822	25,261	-	488,083
379,922	208,885	7,598	-	216,483
215,962	135,224	4,319	-	139,543
23,203	464	464	-	928
43,408	40,675	2,136	-	42,811
65,333	38,410	8,934	-	47,344
5,061	4,665	398	-	5,063
-	-	-	-	-
\$ 8,173,012	\$ 1,294,221	\$ 197,990	\$ -	\$ 1,492,211

Village of Kenilworth
Schedule of Water Revenue Bonds and General
Obligation Bonds Payable to Maturity
April 30, 2005

Year Ending April 30,	Water Revenue Bond - 1996			General Obligation Limited Refunding Bonds, Series 2002		
	Principal Payable July 1	Interest Payable		Principal Payable December 1	Interest Payable	
		July 1	January 1		June 1	December 1
2006	\$ 60,000	\$ 2,970	\$ 1,485	\$ 185,000	\$ 105,913	\$ 105,913
2007	60,000	1,485	-	190,000	102,028	102,028
2008	-	-	-	200,000	98,038	98,038
2009	-	-	-	210,000	93,838	93,838
2010	-	-	-	220,000	89,428	89,428
2011	-	-	-	230,000	84,753	84,753
2012	-	-	-	240,000	79,866	79,866
2013	-	-	-	250,000	74,766	74,766
2014	-	-	-	265,000	69,297	69,297
2015	-	-	-	275,000	63,335	63,334
2016	-	-	-	290,000	56,975	56,975
2017	-	-	-	305,000	50,160	50,160
2018	-	-	-	320,000	42,840	42,840
2019	-	-	-	340,000	35,160	35,160
2020	-	-	-	355,000	27,000	27,000
2021	-	-	-	375,000	18,480	18,480
2022	-	-	-	395,000	9,480	9,480
	<u>\$ 120,000</u>	<u>\$ 4,455</u>	<u>\$ 1,485</u>	<u>\$ 4,645,000</u>	<u>\$ 1,101,357</u>	<u>\$ 1,101,356</u>

Principal	Total	
	Interest	Total
\$ 245,000	\$ 216,281	\$ 461,281
250,000	205,541	455,541
200,000	196,076	396,076
210,000	187,676	397,676
220,000	178,856	398,856
230,000	169,506	399,506
240,000	159,732	399,732
250,000	149,532	399,532
265,000	138,594	403,594
275,000	126,669	401,669
290,000	113,950	403,950
305,000	100,320	405,320
320,000	85,680	405,680
340,000	70,320	410,320
355,000	54,000	409,000
375,000	36,960	411,960
395,000	18,960	413,960
\$ 4,765,000	\$ 2,208,653	\$ 6,973,653

**Village of Kenilworth
Noncurrent Liabilities
Schedule of General Obligation Bonds
Payable to Maturity
April 30, 2005**

Year Ending April 30,	General Obligation Bonds (Alternate Revenue Source), Series 1999			General Obligation Limited Refunding Bonds, Series 2004		
	Principal Payable December 1	Interest Payable		Principal Payable December 1	Interest Payable	
		June 1	December 1		June 1	December 1
2006	\$ 220,000	\$ 100,583	\$ 100,583	\$ 425,000	\$ 7,438	\$ 3,719
2007	225,000	95,412	95,412	-	-	-
2008	235,000	90,125	90,125	-	-	-
2009	245,000	84,603	84,603	-	-	-
2010	260,000	78,845	78,845	-	-	-
2011	270,000	72,670	72,670	-	-	-
2012	280,000	66,190	66,190	-	-	-
2013	295,000	59,400	59,400	-	-	-
2014	310,000	52,172	52,172	-	-	-
2015	325,000	44,500	44,500	-	-	-
2016	340,000	36,375	36,375	-	-	-
2017	355,000	27,875	27,875	-	-	-
2018	370,000	19,000	19,000	-	-	-
2019	390,000	9,750	9,750	-	-	-
	<u>4,120,000</u>	<u>837,500</u>	<u>837,500</u>	<u>425,000</u>	<u>7,438</u>	<u>3,719</u>
Less amounts held in Debt Service Funds:						
Interest	-	-	-	-	5,615	-
Bonds	-	-	-	212,500	-	-
	<u>\$ 4,120,000</u>	<u>\$ 837,500</u>	<u>\$ 837,500</u>	<u>\$ 212,500</u>	<u>\$ 1,823</u>	<u>\$ 3,719</u>

		Total	
Principal	Interest	Total	
\$ 645,000	\$ 212,323	\$	857,323
225,000	190,824		415,824
235,000	180,250		415,250
245,000	169,206		414,206
260,000	157,690		417,690
270,000	145,340		415,340
280,000	132,380		412,380
295,000	118,800		413,800
310,000	104,344		414,344
325,000	89,000		414,000
340,000	72,750		412,750
355,000	55,750		410,750
370,000	38,000		408,000
390,000	19,500		409,500
4,545,000	1,686,157		6,231,157
-	5,615		5,615
212,500	-		212,500
\$ 4,332,500	\$ 1,680,542	\$	6,013,042

