

VILLAGE OF KENILWORTH, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2006



Certified Public Accountants & Advisors

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VILLAGE OF KENILWORTH, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2006

T. Tolbert Chisum - President

BOARD OF TRUSTEES

Craig A. Miller

W. John McGinnis

Robert Smietana

Katie White

Jackie Bossu

Cristy Laier

Barbara Adams - Village Attorney

Richard Cooper - Village Treasurer

Robert A. Hastings - Clerk

Max L. Slankard
Village Manager through June 13, 2006

Bradly Burke
Village Manager as of June 26, 2006



998 Corporate Boulevard • Aurora, IL 60502

*Members of American Institute of
Certified Public Accountants &
Illinois CPA Society*

INDEPENDENT AUDITOR'S REPORT

The Honorable Village President
Members of the Board of Trustees
Village of Kenilworth
Kenilworth, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Kenilworth, Illinois, as of and for the year ended April 30, 2006, which collectively comprise the Village of Kenilworth, Illinois' basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Kenilworth, Illinois' management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Village of Kenilworth, Illinois' did not engage the services of an actuary for the Police Pension Fund. Therefore, a net pension obligation at April 30, 2006 has not been included in the basic financial statements. The net pension obligation would indicate the cumulative effect of current and past underfunding of the annual pension cost and would be recorded in the government-wide statements. The amount by which this departure would affect the net assets of the government-wide statements is not reasonably determinable.

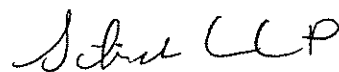
The schedule of funding progress for the police pension fund as well as the schedule of employer contributions for the police pension fund have not been included as required supplementary information as required by accounting principles generally accepted in the United States of America, because such amounts have not been calculated in accordance with the parameters required by GASB Statement 25. Instead, these schedules have been included in the statistical section of the report.

In our opinion, except for the effects, if any, of not calculating the net pension obligation as described in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Kenilworth, Illinois, as of April 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Kenilworth, Illinois' basic financial statements. The combining and individual fund financial statements and schedules and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and supplemental data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The statistical information listed in the table of contents was not audited by us, and accordingly, we do not express an opinion thereon.



Aurora, Illinois
September 22, 2006

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

Village of Kenilworth
Management's Discussion and Analysis
April 30, 2006

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 3, 4 and 5, 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 3) presents information on all of the Village's assets and liabilities. The *statement of activities* (pages 4 and 5) 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 and sewer services.

The fund financial statements begin on page 6 and run through page 14. 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 the Village 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 10 through 12) 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 13) account for financial resources held for the benefit of parties outside the government. The Police Pension Fund is one example.

(See independent auditor's report.)

The notes to the financial statements provide information necessary for the understanding of the statements. These notes begin on page 15 of this Audit Report.

Government-wide Financial Analysis

The Village of Kenilworth's assets exceeded its liabilities by \$3,084,334 as of April 30, 2006. This is a decrease of \$1,182,588 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, 2005 (the prior year end) were \$4,266,922. The two largest components of the Village's assets are its cash and investments of \$3,249,082, and its capital assets which stand at \$9,041,710. Non-current liabilities as of the year end are \$9,038,245. These non-current liabilities include the par value of the bonds which will be paid back to bondholders, as well as compensated absences earned by employees.

Fund Financial Statement Analysis

The Village of Kenilworth has six governmental funds. These funds are displayed on the balance sheet, found on page 6. 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 or long-term liabilities. The related income statements (combined statement of revenues, expenditures and changes in fund balance) are found on page 8.

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, Public Works Department, and the Building Department. Including the effect of operating transfers, the General Fund's revenues exceeded its expenditures by \$159,451. This result is favorable in comparison to last year's (when expenditures exceeded revenues by \$96,835), and has increased the General Fund's financial position resulting in an restated fund balance from \$1,959,722 on April 30, 2005 to \$2,119,173 on April 30, 2006. While revenues were up by 3.8% (\$3,410,970 versus \$3,286,019), expenditures decreased by 4.0% (\$3,250,057 this year versus \$3,385,510 last year).

Providing some detail with respect to revenues and expenses, revenues from taxes other than property tax increased greater than expected. Building permit revenue exceeded budgeted expectations by nearly \$100,000 due in part to the increase of home addition permits and new home construction. Revenue received from state income tax and utility taxes were higher than budgeted. Expenditures were lower than projected due to savings in the area of salaries and certain professional fees.

Information relating to the Nonmajor Governmental Funds is on pages 56 and 57.

The financial statements for the proprietary fund begin on page 10. 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 increase in net assets for the Water Works System Fund is \$97,704. Due to a dry hot summer in 2005, revenue from metered water sales increased, from the prior year, and exceeded forecasted levels.

(See independent auditor's report.)

The financial statement for the fiduciary fund is on page 13.

Capital Assets and Long-term Debt

Information relating to the Debt Service Funds is presented on page 55. The Village of Kenilworth has non-current debt liabilities of \$9,038,245. The Village has 1999 General Obligation Bonds (alternate revenue source) with outstanding principal of \$3,900,000, the proceeds of which were used to resurface streets and construct a new Public Works facility. The Village also issued a 2005 Series General Obligation Bond (Unlimited 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 \$4,460,000, 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 \$60,000.

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.

VILLAGE OF KENILWORTH, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2006

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,249,082	\$ -	\$ 3,249,082
Property taxes receivable	1,290,450	-	1,290,450
Receivables, net	180,078	87,377	267,455
Prepaid expenses	11,077	-	11,077
Deposits	3,447	-	3,447
Due (to)/from other funds	86,906	(86,906)	-
Due (to)/ from fiduciary funds	(96,088)	-	(96,088)
Capital assets not being depreciated	169,931	38,648	208,579
Capital assets being depreciated, net of depreciation	2,385,865	6,447,266	8,833,131
Total assets	7,280,748	6,486,385	13,767,133
LIABILITIES			
Accounts payable and other accrued expenses	145,273	11,919	157,192
Deferred property taxes	1,211,004	-	1,211,004
Customer deposits	164,060	50	164,110
Other deferred revenue	3,447	-	3,447
Accrued interest	92,141	85,518	177,659
Due to other governments	28,809	-	28,809
Noncurrent liabilities			
Due within one year	693,584	254,073	947,657
Due in more than one year	3,808,370	4,282,218	8,090,588
Total liabilities	6,146,688	4,633,778	10,780,466
NET ASSETS			
Invested in capital assets, net of related debt	(1,769,204)	1,965,914	196,710
Restricted for			
Debt service	421,408	-	421,408
Public safety	212,290	-	212,290
Public works	262,440	-	262,440
Highways and streets	157,048	-	157,048
Bond ordinance	-	147,590	147,590
Unrestricted	1,850,078	(163,230)	1,686,848
TOTAL NET ASSETS	\$ 1,134,060	\$ 1,950,274	\$ 3,084,334

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2006

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 737,126	\$ 644,795	\$ -	\$ -
Public safety	1,863,341	191,337	-	-
Public works	644,697	220,991	-	-
Highways and streets	397,512	36,297	71,905	-
Culture and recreation	29,371	18,546	-	-
Interest	213,211	-	-	-
Total governmental activities	3,885,258	1,111,966	71,905	-
Business-Type Activities				
Water	963,526	1,051,666	-	-
Total business-type activities	963,526	1,051,666	-	-
TOTAL PRIMARY GOVERNMENT	\$ 4,848,784	\$ 2,163,632	\$ 71,905	\$ -

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (92,331)	\$ -	\$ (92,331)
	(1,672,004)	-	(1,672,004)
	(423,706)	-	(423,706)
	(289,310)	-	(289,310)
	(10,825)	-	(10,825)
	(213,211)	-	(213,211)
	<u>(2,701,387)</u>	-	<u>(2,701,387)</u>
	-	88,140	88,140
	-	88,140	88,140
	<u>(2,701,387)</u>	88,140	<u>(2,613,247)</u>
General Revenues			
Taxes			
Property	2,145,857	-	2,145,857
Replacement	31,997	-	31,997
Utility	359,030	-	359,030
Local use	30,052	-	30,052
Income	192,915	-	192,915
Sales	49,526	-	49,526
Other	9,792	-	9,792
Investment income	99,198	9,564	108,762
Miscellaneous	16,024	-	16,024
Total general revenues	<u>2,934,391</u>	<u>9,564</u>	<u>2,943,955</u>
CHANGE IN NET ASSETS	<u>233,004</u>	<u>97,704</u>	<u>330,708</u>
NET ASSETS, MAY 1	2,439,441	1,827,481	4,266,922
Prior period adjustment	<u>(1,538,385)</u>	<u>25,089</u>	<u>(1,513,296)</u>
NET ASSETS, MAY 1, RESTATED	<u>901,056</u>	<u>1,852,570</u>	<u>2,753,626</u>
NET ASSETS, APRIL 30	<u>\$ 1,134,060</u>	<u>\$ 1,950,274</u>	<u>\$ 3,084,334</u>

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

April 30, 2006

	General	Debt Service	Nonmajor	Total
ASSETS				
Cash and cash equivalents	\$ 2,625,051	\$ -	\$ 624,031	\$ 3,249,082
Property taxes receivable	1,051,597	238,853	-	1,290,450
Accounts receivable				
Sewer maintenance charges	-	-	12,443	12,443
Other	161,920	-	5,715	167,635
Due from other funds	280,965	441,579	9,517	732,061
Due from fiduciary funds	3,470	-	-	3,470
Prepaid items	11,077	-	-	11,077
Deposits	3,447	-	-	3,447
Total assets	\$ 4,137,527	\$ 680,432	\$ 651,706	\$ 5,469,665
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 131,882	\$ -	\$ 5,155	\$ 137,037
Accrued payroll related liabilities	8,236	-	-	8,236
Due to other funds	595,506	34,876	14,773	645,155
Due to fiduciary funds	99,558	-	-	99,558
Due to other governments	28,809	-	-	28,809
Deferred property taxes	986,856	224,148	-	1,211,004
Customer deposits	164,060	-	-	164,060
Other deferred revenue	3,447	-	-	3,447
Total liabilities	2,018,354	259,024	19,928	2,297,306
FUND BALANCES				
Reserved for prepaid items	11,077	-	-	11,077
Reserved for debt service	-	421,408	-	421,408
Reserved for public works	-	-	262,440	262,440
Reserved for highways and streets	-	-	157,048	157,048
Reserved for public safety	-	-	212,290	212,290
Unreserved - undesignated (deficit)				
General Fund	2,108,096	-	-	2,108,096
Capital Projects Fund	-	-	-	-
Total fund balances	2,119,173	421,408	631,778	3,172,359
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,137,527	\$ 680,432	\$ 651,706	\$ 5,469,665

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

April 30, 2006

NET CHANGE IN FUND BALANCES-	
TOTAL GOVERNMENTAL FUNDS	\$ 3,172,359
Amounts reported for governmental activities in the statement activities are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	2,555,796
Long - term liabilities including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable	(4,325,000)
Compensated absences payable	(176,954)
Interest payable	<u>(92,141)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,134,060</u>

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Year Ended April 30, 2006

	General	Debt Service	Nonmajor	Total
REVENUES				
Taxes	\$ 2,393,009	\$ 426,160	\$ -	\$ 2,819,169
Fines	51,044	-	-	51,044
Licenses	541,264	-	-	541,264
Service charges	311,583	-	176,684	488,267
Intergovernmental	-	-	71,905	71,905
Investment income	66,656	9,011	23,532	99,199
Miscellaneous income	47,414	-	-	47,414
Total revenues	3,410,970	435,171	272,121	4,118,262
EXPENDITURES				
Current				
General government	691,341	-	-	691,341
Public safety	1,747,983	-	33,116	1,781,099
Public works	426,322	-	8,734	435,056
Highways and streets	355,040	-	-	355,040
Culture and recreation	29,371	-	-	29,371
Capital outlay	-	-	192,560	192,560
Debt service				
Principal	-	645,000	-	645,000
Interest	-	206,768	-	206,768
Bond issuance costs	-	5,600	-	5,600
Total expenditures	3,250,057	857,368	234,410	4,341,835
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	160,913	(422,197)	37,711	(223,573)
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	425,000	-	425,000
Proceeds from sale of equipment	3,135	-	-	3,135
Transfers in	4,500	-	9,097	13,597
Transfers (out)	(9,097)	-	(4,500)	(13,597)
Total other financing sources (uses)	(1,462)	425,000	4,597	428,135
CHANGES IN NET ASSETS	159,451	2,803	42,308	204,562
FUND BALANCE, MAY 1	1,828,739	206,105	577,837	2,612,681
Prior period adjustment	130,983	212,500	11,633	355,116
FUND BALANCE, MAY 1, RESTATED	1,959,722	418,605	589,470	2,967,797
FUND BALANCE, APRIL 30	\$ 2,119,173	\$ 421,408	\$ 631,778	\$ 3,172,359

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2006

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 204,562
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	22,666
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(425,000)
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	645,000
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	(843)
Some expenses in the statement of activities (e.g. depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(200,992)
The change in the compensated absences liability is reported as an expense on the statement of activities	<u>(12,389)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 233,004</u>

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

April 30, 2006

CURRENT ASSETS	
Accounts receivable - water consumers - billed	\$ 87,377
Accounts receivable - water consumers - unbilled	97,667
Due from other funds	<u>143,435</u>
Total current assets	<u>328,479</u>
NONCURRENT ASSETS	
Capital assets being depreciated	38,648
Capital assets not being depreciated	<u>6,447,266</u>
Total noncurrent assets	<u>6,485,914</u>
Total assets	<u>6,814,393</u>
CURRENT LIABILITIES	
Accounts payable	11,919
Accrued interest	85,518
Deposits payable	50
Due to other funds	230,341
Compensated absences payable	4,073
Bonds payable	<u>250,000</u>
Total current liabilities	<u>581,901</u>
NONCURRENT LIABILITIES	
Compensated absences payable	12,218
Bonds payable	<u>4,270,000</u>
Total noncurrent liabilities	<u>4,282,218</u>
Total liabilities	<u>4,864,119</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,965,914
Restricted - bond ordinance	147,590
Unrestricted	<u>(163,230)</u>
TOTAL NET ASSETS	<u>\$ 1,950,274</u>

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

For the Year Ended April 30, 2006

OPERATING REVENUES	
Charges for services	\$ 1,051,666
	<u>1,051,666</u>
Total operating revenues	<u>1,051,666</u>
OPERATING EXPENSES	
Personnel	432,802
Contractual services	63,010
Commodities	42,531
Other	11,765
Repairs and maintenance	6,832
Depreciation	194,887
	<u>751,827</u>
Total operating expenses	<u>751,827</u>
OPERATING INCOME	299,839
NONOPERATING REVENUES (EXPENSES)	
Investment income	9,564
Interest expense	(211,699)
	<u>(202,135)</u>
Total nonoperating revenues (expenses)	<u>(202,135)</u>
CHANGE IN NET ASSETS	<u>97,704</u>
NET ASSETS, MAY 1	1,827,481
Prior period adjustment	25,089
	<u>1,852,570</u>
NET ASSETS, MAY 1, RESTATED	<u>1,852,570</u>
NET ASSETS, APRIL 30	<u><u>\$ 1,950,274</u></u>

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,056,376
Payments to suppliers	(144,247)
Payments to employees	<u>(416,511)</u>
Net cash from operating activities	<u>495,618</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Due (to)/from other funds	<u>(308,462)</u>
Net cash from noncapital and related financing activities	<u>(308,462)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payment on water revenue bonds	(245,000)
Interest paid	<u>(201,203)</u>
Net cash used in capital and related financing activities	<u>(446,203)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Reduction of restricted investments	249,483
Interest received	<u>9,564</u>
Net cash from investing activities	<u>259,047</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS, MAY 1	<u>-</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 299,839
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	194,887
Changes in:	
Receivables	4,710
Accounts payable	(20,159)
Deposits payable	50
Compensated absences	<u>16,291</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 495,618</u></u>

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

PENSION TRUST FUND

STATEMENT OF NET ASSETS

April 30, 2006

ASSETS	
Cash	\$ 353,685
Investments	
U.S. Agency securities	1,562,266
U.S. Treasury obligations	293,718
Mutual Funds	1,981,907
Certificates of deposit	716,860
Accrued interest	13,862
Due from general fund	<u>99,558</u>
Total assets	<u>5,021,856</u>
LIABILITIES	
Due to general fund	<u>\$ 3,470</u>
Total liabilities	<u>3,470</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 5,018,386</u></u>

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

PENSION TRUST FUND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended April 30, 2006

ADDITIONS	
Contributions	
Employer	\$ 154,241
Participants	71,486
Other	1,200
	<hr/>
Total contributions	226,927
	<hr/>
INVESTMENT INCOME	
Net appreciation (depreciation) in fair value of investments	329,571
Investment income	103,650
	<hr/>
	433,221
Less investment expense	<hr/>
	-
	<hr/>
Net investment income	433,221
	<hr/>
Total additions	660,148
	<hr/>
DEDUCTIONS	
Administrative	6,069
Pension benefits and refunds	359,969
	<hr/>
Total deductions	366,038
	<hr/>
NET INCREASE	294,110
	<hr/>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
MAY 1	4,748,306
Prior period adjustment	(24,030)
	<hr/>
MAY 1, RESTATED	4,724,276
	<hr/>
APRIL 30	<u>\$ 5,018,386</u>

See accompanying notes to financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Kenilworth, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)), except as disclosed in Note 14b. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village is a municipal corporation governed by an elected board. As required by generally accepted accounting principles, these financial statements present the Village (the primary government) and its component units. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government.

The Village's financial statements include one pension trust fund:

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Solid Waste Agency of Northern Cook County (SWANCC)

SWANCC is a municipal corporation empowered to plan, finance, construct and operate a solid waste disposal system to serve its member municipalities. Management consists of a Board of Directors comprised of one appointed representative from each member. The Village does not exercise any control over the activities of SWANCC beyond its representation on the Board of Directors. SWANCC is reported as a non-equity proprietary joint venture.

b. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for substantially all of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds*, the Village has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for enterprise funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes pension trust funds which are generally used to account for assets that the Village holds in fiduciary capacity.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of material interfund activity has been eliminated from these financial 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.

The Village reports the following major governmental funds:

The General Fund is the Village’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the servicing of general long-term debt not being financed by proprietary funds.

The Village reports the following major proprietary funds:

The Water Works System Fund accounts for the provision of potable water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including but not limited to: administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following fiduciary fund:

The Village reports a pension trust fund as a fiduciary fund to account for the Police Pension Fund.

The Village reports the following nonmajor governmental funds:

The Sewer Service Fund is used to account for the activities of sewer service operations.

The Motor Fuel Tax Fund is used to account for the activities involved with street maintenance and construction. Financing is provided by the Village's share of state gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

The E-911 Fund is used to account for the activity of the 911 emergency service system.

d. 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, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Nonoperating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the 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 (i.e., when they become both 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 be used to pay liabilities of the current period.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90 day period. The Village recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Sales taxes owed to the state at year end, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the Village also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible-to-accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

The Village reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" or earned criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments

All Village investments and all pension fund investments are stated at fair value in accordance with GASB Statements No. 25 and 31.

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

f. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

g. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

h. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, storm water), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40-50
Machinery and equipment	10
Infrastructure	20-50
Water works system	40
Sanitary sewer system	5-10
Vehicles	5-10

i. Compensated Absences

Vested or accumulated vacation and is reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation and sick leave of proprietary funds and governmental activities are recorded as an expense and liability as the benefits accrue to employees.

j. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. 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 funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Balances/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets.

l. Interfund Transactions

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

2. DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust fund. Each fund's portion of this pool is displayed on the financial statements as "cash and investments". In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust fund are held separately from those of other funds.

a. Village Deposits and Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments (Continued)

managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET’s share price, the price for which the investment could be sold. The Village’s investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

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

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village’s deposits may not be returned to it. The Village’s investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Village or an independent third-party evidenced by a safekeeping agreement. At year-end the carrying amount of the Village’s deposits with financial institutions totaled \$1,858,150 and the bank balances totaled \$1,887,792.

Investments

The following table presents the investments and maturities of the Village’s debt securities as of April 30, 2006:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
Illinois Funds	\$ 1,814,840	\$ 1,814,840	\$ -	\$ -	\$ -
TOTAL	\$ 1,814,840	\$ 1,814,840	\$ -	\$ -	\$ -

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Deposits and Investments (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Village limits its exposure to credit risk by primarily investing in external investment pools. Illinois Funds are rated AAA.

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

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy requires diversification of investments to avoid unreasonable risk by limiting commercial paper to the lesser of 20% of the cash and investment balance at the time of placement, or 25% of the cash and investment balance.

b. Police Pension Fund Deposits and Investments

The Police Pension Fund's investment policy authorizes the Police Pension Fund to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, interest bearing obligations of the U.S. Treasury and U.S. Agencies, interest bearing bonds of the State of Illinois or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. Agencies, separate accounts managed by life insurance companies, mutual funds, common and preferred stock, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Fund Deposits and Investments (Continued)

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

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund’s deposits may not be returned to it. The Police Pension Fund’s investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the an independent third-party, and evidenced by a safekeeping agreement.

Investments

The following table presents the investments and maturities of the Police Pension Fund’s debt securities as of April 30, 2006:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 293,718	\$ 293,718	\$ -	\$ -	\$ -
U.S. Agency obligations	1,562,266	642,468	919,798	-	-
Negotiable certificates of deposit	275,612	275,612	-	-	-
Illinois Funds	246,019	246,019	-	-	-
TOTAL	\$ 2,377,615	\$ 1,457,817	\$ 919,798	\$ -	\$ -

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Deposits and Investments (Continued)

Investments (Continued)

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Police Pension Fund limits its exposure to credit risk by primarily investing U.S Treasury obligations and other obligations which are rated AA or better by a national rating agency. The U.S. Agency obligations and Illinois Funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The Police Pension Fund's investment policy does not address custodial credit risk for investments. Illinois Funds and the Illinois Metropolitan Investment Fund are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of its investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk.

Investment	Minimum	Maximum
Direct U.S. Treasury securities (includes STRIPS, CUBES)	0%	100%
Interest investments, CD's	0%	30%
Commercial paper	0%	10%
Investment pools established by the State Treasurer	0%	40%
Money market mutual funds	0%	40%
Equity investments	0%	45%
Government Agency securities	0%	80%
Government bonds and warrants	0%	20%
Municipal bonds rated "A" or better	0%	20%

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES - TAXES

Property taxes for 2005 attach as an enforceable lien on January 1, 2005, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2006 and August 1, 2006, and are payable in two installments, on or about March 1, 2006 and September 1, 2006. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1 percent of the tax levy, to reflect actual collection experience. As the 2005 tax levy is intended to fund expenditures for one-half of fiscal year 2006, one-half of the 2005 tax levy has been recognized as revenue as of April 30, 2006 and one-half of the 2005 tax levy has been deferred as of April 30, 2006.

The 2006 tax levy, which attached as an enforceable lien on property as of January 1, 2006, has not been recorded as a receivable as of April 30, 2006 as the tax has not yet been levied by the Village and will not be levied until December 2006, and, therefore, the levy is not measurable at April 30, 2006.

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2006 was as follows:

	Balances May 1 (Restated)	Additions	Disposals	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land and rights of way	\$ 169,931	\$ -	\$ -	\$ 169,931
Total capital assets not being depreciated	169,931	-	-	169,931
Capital assets being depreciated				
Buildings and improvements	1,649,618	-	-	1,649,618
Machinery and equipment	601,925	22,666	16,341	608,250
Sanitary and sewer system	991,222	-	-	991,222
Total capital assets being depreciated	3,242,765	22,666	16,341	3,249,090
Less accumulated depreciation for				
Buildings and improvements	254,436	41,240	-	295,676
Machinery and equipment	325,016	60,630	16,341	369,305
Sanitary and sewer system	99,122	99,122	-	198,244
Total accumulated depreciation	678,574	200,992	16,341	863,225
Total capital assets being depreciated, net	2,564,191	(178,326)	-	2,385,865
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 2,734,122	\$ (178,326)	\$ -	\$ 2,555,796

VILLAGE OF KENILWORTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 843
Public safety	36,516
Public works	143,059
Highways and streets	<u>20,574</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 200,992</u>

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land and rights of way	\$ 38,648	\$ -	\$ -	\$ 38,648
Total capital assets not being depreciated	<u>38,648</u>	<u>-</u>	<u>-</u>	<u>38,648</u>
Capital assets being depreciated				
Waterworks system	8,020,562	-	-	8,020,562
Machinery and equipment	113,802	-	-	113,802
Total capital assets being depreciated	<u>8,134,364</u>	<u>-</u>	<u>-</u>	<u>8,134,364</u>
Less accumulated depreciation for				
Waterworks system	1,396,993	184,102	-	1,581,095
Machinery and equipment	95,218	10,785	-	106,003
Total accumulated depreciation	<u>1,492,211</u>	<u>194,887</u>	<u>-</u>	<u>1,687,098</u>
Total capital assets being depreciated, net	<u>6,642,153</u>	<u>(194,887)</u>	<u>-</u>	<u>6,447,266</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 6,680,801</u>	<u>\$ (194,887)</u>	<u>\$ -</u>	<u>\$ 6,485,914</u>

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee health; natural disasters; and injuries to the Village's employees.

a. Intergovernmental Risk Management Agency (IRMA)

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

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RISK MANAGEMENT (Continued)

a. Intergovernmental Risk Management Agency (IRMA) (Continued)

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 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 IRMA 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 bylaws 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. The Village is aware of no additional contributions due to IRMA as of April 30, 2006.

b. North Suburban Employee Benefit Cooperative (NSEBC)

The Village participates in the North Suburban Employee Benefit Cooperative (NSEBC). NSEBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasigovernmental, and nonprofit public service entities.

NSEBC acts as an administrative agency to receive, process, and pay such claims as may come within the benefit program of each member.

Management consists of a Board of Directors comprised of one appointed representative from each member.

The Village does not exercise any control over the activities of NSEBC beyond its representation on the Board of Directors.

For the year ended December 31, 2005, NSEBC had total equity of \$1,727,525. The Village's total payments for the year ended April 30, 2006 were \$397,934.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village.

b. Changes in Long-Term Liabilities

	Fund Debt Retired by	Balances May 1	Additions	Refundings/ Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES						
\$5,000,000 General Obligation (Alternate Revenue) Bonds, Series 1999, due in annual installments of \$220,000 to \$390,000 through December 1, 2018 plus interest at 4.65% to 5.00%.	Debt Service	\$ 4,120,000	\$ -	\$ 220,000	\$ 3,900,000	\$ 225,000
\$425,000 General Obligation Refunding Bonds, Series 2004, due in one installment of \$425,000 at December 31, 2005 plus interest at 1.75%.	Debt Service	425,000	-	425,000	-	-
\$425,000 General Obligation Refunding Bonds, Series 2005, due in one installment of \$425,000 at December 1, 2006 plus interest at 2.95%.	Debt Service	-	425,000	-	425,000	425,000
Total bonds		4,545,000	425,000	645,000	4,325,000	650,000
Compensated absences	General	164,565	12,389	-	176,954	43,584
TOTAL GOVERNMENTAL ACTIVITIES		\$ 4,709,565	\$ 437,389	\$ 645,000	\$ 4,501,954	\$ 693,584

VILLAGE OF KENILWORTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Changes in Long-Term Liabilities (Continued)

	Fund Debt Retired by	Balances May 1	Additions	Refundings/ Reductions	Balances April 30	Current Portion
BUSINESS-TYPE ACTIVITIES						
\$600,000 Water Revenue Bonds, Series 1996, due in annual installments of \$60,000 through July 1, 2006 plus interest at 4.95%.	Waterworks	\$ 120,000	\$ -	\$ 60,000	\$ 60,000	\$ 60,000
\$5,000,000 General Obligation (Alternate Revenue) Refunding Bonds, Series 2002, due in annual installments of \$185,000 to \$395,000 through December 1, 2022 plus interest at 4.20% to 4.80%.	Waterworks	4,645,000	-	185,000	4,460,000	190,000
Total bonds		4,765,000	-	245,000	4,520,000	250,000
Compensated absences	Waterworks	15,133	1,158	-	16,291	4,073
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 4,780,133	\$ 1,158	\$ 245,000	\$ 4,536,291	\$ 254,073

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2007	\$ 650,000	\$ 209,771	\$ 250,000	\$ 205,541
2008	235,000	180,250	200,000	196,076
2009	245,000	169,205	210,000	187,676
2010	260,000	157,690	220,000	178,856
2011	270,000	145,340	230,000	169,506
2012	280,000	132,380	240,000	159,731
2013	295,000	118,800	250,000	149,531
2014	310,000	104,345	265,000	138,594
2015	325,000	89,000	275,000	126,669
2016	340,000	72,750	290,000	113,950
2017	355,000	55,750	305,000	100,320
2018	370,000	38,000	320,000	85,680
2019	390,000	19,500	340,000	70,320
2020	-	-	355,000	54,000
2021	-	-	375,000	36,960
2022	-	-	395,000	18,960
TOTAL	\$ 4,325,000	\$ 1,492,781	\$ 4,520,000	\$ 1,992,370

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

d. Legal Debt Margin

The Village is a non-home rule municipality.

ASSESSED VALUATION - 2005 (LATEST AVAILABLE)	<u>\$ 281,231,897</u>
LEGAL DEBT LIMIT - 8.625% OF ASSESSED VALUATION	\$ 24,256,251
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT	
General Obligation Bonds	<u>425,000</u>
LEGAL DEBT MARGIN	<u>\$ 23,831,251</u>

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

7. RESTRICTED NET ASSETS

The amounts reported on the statement of net assets for the proprietary fund are identified as restricted are comprised of the following:

Enterprise Fund - water revenue bond accounts	
Operation and maintenance	\$ 50,000
Bond	40,990
Bond reserve	16,000
Depreciation and contingencies	<u>40,600</u>
TOTAL	<u>\$ 147,590</u>

The above amounts have been reported as restricted assets per the revenue bond ordinance, but there were no cash investments set aside by the Village as required by the revenue bond ordinance.

VILLAGE OF KENILWORTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. INDIVIDUAL FUND DISCLOSURES

a. Interfund Transactions

Due From/To Other Funds at April 30, 2006 consist of the following:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 14,773
General	Police Pension	3,470
General	Waterworks System	230,341
General	Debt Service	34,876
Debt Service	General	441,579
Waterworks System	General	143,435
Police Pension	General	99,558
Nonmajor Governmental	General	10,492
TOTAL		\$ 978,524

The purpose of the significant Due From/Due To Other Funds are as follows:

\$230,341 owed to the General Fund from the Waterworks System Fund is for interfund operations. Repayment is expected within one year.

\$441,579 owed to the Debt Service Fund from the General Fund is for interfund operations. Repayment is expected within one year.

\$143,435 owed to the Waterworks System Fund from the General Fund is for interfund operations. Repayment is expected within one year.

\$99,558 owed to the Police Pension Fund from the General Fund is for interfund operations. Repayment is expected within one year.

\$34,876 owed to the General Fund from the Debt Service Fund is to eliminate negative cash balances. Repayment is expected within one year.

b. Transfers

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers Out
General	\$ 4,500	\$ 9,097
Project Construction	9,097	4,500
TOTAL ALL FUNDS		\$ 13,597

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Transfers (Continued)

\$4,500 transferred to the General Fund from the E-911 Fund was to reimburse the General Fund for the portion of a Village police officer time for services rendered to the E-911 Fund.

\$9,097 transferred to Project Construction Fund from the General Fund was to close the Project Construction Fund at April 30, 2006.

9. COMMITMENTS

a. Solid Waste Agency of Northern Cook County (SWANCC)

The Village has committed to make payments to the Solid Waste Agency of Northern Cook County. The Village expects to pay the following minimum amounts:

Fiscal Year Ending April 30	Amount
2007	\$ 10,635
2008	12,841
2009	12,411
2010	11,980
2011	11,550
2012	11,119
2013	12,368
2014	12,699
TOTAL	<u>\$ 95,603</u>

This amount has been calculated using the Village's current allocation percentage of .84%. In future years, this allocation percentage will be subject to change.

10. CONTINGENT LIABILITIES

a. Litigation

The Village is not aware of any potential litigation, and there is no pending litigation that the Village has been advised of by legal counsel.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. CONTINGENT LIABILITIES (Continued)

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

c. Solid Waste Agency of Northern Cook County (SWANCC)

The Village's contract with the Solid Waste Agency of Northern Cook County provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

11. JOINT VENTURES

a. Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of the Solid Waste Agency of Northern Cook County (SWANCC) which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SWANCC is empowered under the Act to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members.

The members form a contiguous geographic service area which is located northwest of downtown Chicago. Under the SWANCC Agreement, additional members may join SWANCC upon the approval of all members.

SWANCC is governed by a Board of Directors which consists of the Mayor or President from each member municipality. Each Director has an equal vote. The officers of SWANCC are appointed by the Board of Directors. The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of Bonds or Notes by SWANCC, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the SWANCC Agreement or the by-laws.

Complete financial statements for SWANCC can be obtained from SWANCC's administrative office at 1616 East Golf Road, Des Plaines, Illinois, 60016.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. JOINT VENTURES (Continued)

a. Solid Waste Agency of Northern Cook County (SWANCC) (Continued)

SWANCC's bonds are revenue obligations. They are limited obligations of SWANCC with a claim for payment solely from and secured by a pledge of the Revenues of the System and amounts in various Funds and Accounts established by SWANCC resolutions. The Bonds are not a debt of any member. SWANCC has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste; (2) all income derived from the investment of monies; and (3) all income, fees, service charges and all grants, rents and receipts derived by the SWANCC from the ownership and operation of the system. The SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all the requirements.

SWANCC has entered into solid waste disposal contracts with the member municipalities. The contracts are irrevocable and may not be terminated or amended except as provided for in the contract. Each member is obligated, on a "take or pay" basis, to deliver a minimum amount of solid waste to the system. The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by the SWANCC of its obligations under the contract. The contract does not constitute an indebtedness of the Village within the meaning of any statutory or constitution limitation.

In accordance with the joint venture agreement, the Village remitted \$52,343 to SWANCC for 2006, which is recorded in the Village's General Fund.

12. POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits previously described, the Village provides postemployment health care insurance benefits, in accordance with the personnel policy manual, to all employees who meet the eligibility requirements. Currently one past employee meets those eligibility requirements. The past employee paid \$6,580 for the cost of the health care insurance premiums. During the year, costs of \$5,677 were paid for postemployment benefits. The costs are financed on a pay-as-you-go basis through the General Fund.

VILLAGE OF KENILWORTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE RETIREMENT SYSTEMS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

a. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the calendar year ended 2005 was 12.99% of covered payroll.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At April 30, 2005, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	9
Terminated employees entitled to benefits but not yet receiving them	-
Inactive members	-
Current employees	
Vested	11
Nonvested	-
	<hr/>
TOTAL	<u>20</u>

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. As of April 30, 2006, the Village has not engaged an enrolled actuary. Effective July 1, 1993, the Village has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended April 30, 2006, the Village's contribution was 21.73% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Investments are reported at cost or amortized cost. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

VILLAGE OF KENILWORTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Administrative Costs

Administrative costs for the Police Pension Plan are financed primarily through investment earnings.

c. Significant Investments

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for the Police Pension Plan. Information for the IMRF is not available.

d. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2003	April 30, 2005
Actuarial cost method	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	3 Year Not Available
Amortization method	Level Percentage of Projected Payroll - Closed Basis	Level Percentage of Projected Payroll - Closed Basis
Amortization period	27 Years	28 Years
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. EMPLOYEE RETIREMENT SYSTEMS (Continued)

d. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.50% Compounded Annually
c) Additional projected Salary increases - seniority/merit	.40 to 11.60%	Not Available
d) Postretirement benefit increases	3.00%	3.00% Compounded Annually

Employer annual pension costs (APC), actual contributions and the net pension obligation (asset) (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

		Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2004	\$ 74,520	N/A
	2005	96,000	N/A
	2006	103,114	N/A
Actual contributions	2004	\$ 74,520	\$ 138,655
	2005	96,000	148,540
	2006	103,114	154,241
Percentage of APC contributed	2004	100.00%	N/A
	2005	100.00%	N/A
	2006	100.00%	N/A
NPO (asset)	2004	\$ -	N/A
	2005	-	N/A
	2006	-	N/A

N/A - not available

A net pension obligation (asset) has not been included in the basic financial statements of the Village.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

14. SUBSEQUENT EVENTS

In June 2006, 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.

On August 15, 2006, the Village issued \$4,655,000 of General Obligation Refunding Bonds Alternate Revenue Source), Series 2006B to refund the Village's outstanding General Obligation Refunding Bonds (Alternate Revenue Source), Series 2002.

15. PRIOR PERIOD ADJUSTMENTS

The Village has restated net assets/fund balance of the governmental activities and fund financial statements as of May 1, 2005 as follows:

	Governmental Activities	General Fund	Debt Service Fund	Other Governmental Funds
NET ASSETS/FUND BALANCES, MAY 1 (as previously reported)	\$ 2,439,441	\$ 1,828,739	\$ 206,105	\$ 577,837
Restated for:				
a) Adjust capital assets for change in capitalization policy	(316,025)	-	-	-
b) Correction for overaccrual of property tax revenues in prior year	(1,177,991)	-	-	-
c) Revenue recognition of nonexchange revenues	(34,773)	(40,694)	-	5,921
d) Correct recording of revenues and expenditures in correct period	(21,848)	(21,848)	-	-
e) Correct accounting for property tax receivable and deferred property tax revenue in prior year	10,893	10,893	-	-
f) Correct reporting of compensated absences liability	-	164,565	-	-
g) Correct the reporting of general obligation bonds payable	-	-	212,500	-
h) Correct recording of interest expense in the prior year	(22,470)	-	-	-
i) Record unbilled utility receivable in prior year	23,779	18,067	-	5,712
Subtotal restatements	(1,538,385)	130,983	212,500	11,633
NET ASSETS/FUND BALANCES, MAY 1 (as restated)	\$ 901,056	\$ 1,959,722	\$ 418,605	\$ 589,470

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

15. PRIOR PERIOD ADJUSTMENTS (Continued)

The net assets of the police pension fund were restated as of May 1, 2005 as follows:

NET ASSETS, MAY 1 (as previously reported)	\$ 4,748,306
Restated for:	
a) Accounting correction for the property tax receivable and revenues	(10,893)
b) Accounting corrections for revenues and expenses	4,239
c) Correct recording of interfund balances	<u>(17,375)</u>
Subtotal restatements	<u>(24,030)</u>
NET ASSETS, MAY 1 (as restated)	<u>\$ 4,724,276</u>

The net assets of the Waterworks System Fund were restated as of May 1, 2005 as follows:

NET ASSETS, MAY 1 (as previously reported)	\$ 1,827,481
Restated for:	
a) Correct recording of interest expense in the prior year	(75,022)
b) Record an unbilled utility receivable in the prior year	<u>100,111</u>
Subtotal restatements	<u>25,089</u>
NET ASSETS, MAY 1 (as restated)	<u>\$ 1,852,570</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF KENILWORTH, ILLINOIS

GENERAL FUND

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

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 2,312,312	\$ 2,312,312	\$ 2,393,009
Licenses and permits	448,436	448,436	541,264
Charges for services	307,276	307,276	311,583
Fines and forfeits	48,600	48,600	51,044
Investment income	10,000	10,000	66,656
Miscellaneous	30,600	30,600	47,414
Total revenues	3,157,224	3,157,224	3,410,970
EXPENDITURES			
General government	574,042	574,042	691,341
Public safety	1,773,520	1,773,520	1,747,983
Public works	485,848	485,848	426,322
Highways and streets	346,386	346,386	355,040
Culture and recreation	28,750	28,750	29,371
Total expenditures	3,208,546	3,208,546	3,250,057
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(51,322)	(51,322)	160,913
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	2,500	2,500	3,135
Transfers in	4,500	4,500	4,500
Transfers (out)	-	-	(9,097)
Total other financing sources (uses)	7,000	7,000	(1,462)
NET CHANGE IN FUND BALANCE	\$ (44,322)	\$ (44,322)	159,451
FUND BALANCE, MAY 1			1,828,739
Prior period adjustment			130,983
FUND BALANCE, MAY 1, RESTATED			1,959,722
FUND BALANCE, APRIL 30			\$ 2,119,173

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2006

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5)
2000	\$ 2,652,747	\$ 2,614,613	101.46%	\$ (38,134)	\$ 771,369	0.00%
2001	2,898,635	2,923,452	99.15%	24,817	793,237	3.13%
2002	2,184,574	2,602,346	83.95%	417,772	812,254	51.43%
2003	2,204,097	2,834,534	77.76%	630,437	842,983	74.79%
2004	2,338,448	3,072,344	76.11%	733,896	840,000	87.37%
2005	2,642,704	3,374,904	78.30%	732,200	793,794	92.24%

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2006

Actuarial Valuation Date December 31	Annual Required Contribution (ARC)	Contribution Made	Contribution Made as a Percentage of Annual Required Contribution
2000	\$ 68,883	\$ 68,883	100.00%
2001	67,187	67,187	100.00%
2002	68,229	68,229	100.00%
2003	74,520	74,520	100.00%
2004	96,600	96,600	100.00%
2005	103,114	103,114	100.00%

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2006

1. BUDGETS

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, except for an appropriation for a contingency amount in the appropriations ordinance.

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.

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 outline 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 the General, Debt Service, and Police Pension Funds. All annual appropriations lapse at fiscal year end.

VILLAGE OF KENILWORTH, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

1. BUDGETS (Continued)

The operating budget is the management control for spending and is less than, or equal to, the amounts appropriated. The manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund are done through approval of the Village Board of Trustees and are supported by additional appropriations as needed.

Operating budgets are adopted on a modified accrual basis of accounting for all governmental funds and on an accrual basis for proprietary and fiduciary funds. Budgets have been adopted for the Waterworks System, Police Pension, General, Debt Service, and certain Special Revenue Funds. Budgets for the enterprise funds do not provide for depreciation; capital improvements are budgeted as expenses.

All budgets are prepared based on the annual fiscal year of the Village.

Budget amounts are as originally adopted or as amended by the Village Board of Trustees.

The financial schedules report management's operating budget in the columns titled original budget and final budget for the General, Debt, Police Pension Fund, Sewer Service, Motor Fuel Tax, E-911, and Waterworks Funds.

2. EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following schedule reports the appropriations, operating budgets, and actual expenditures/expenses (excluding depreciation) by fund:

Fund	Final Appropriations	Final Operating Budget	Actual
General	\$ 3,407,581	\$ 3,208,546	\$ 3,250,057
Debt Service	440,000	440,000	857,368
Sewer Service	-	34,750	23,786
Motor Fuel Tax	-	45,000	177,508
E-911	-	35,350	37,616
Waterworks System	-	945,856	768,639
Police Pension	-	351,100	367,838

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF KENILWORTH, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
TAXES			
Property taxes	\$ 1,781,212	\$ 1,781,212	\$ 1,719,697
Total property taxes	1,781,212	1,781,212	1,719,697
Other taxes			
Replacement tax	20,000	20,000	31,997
State sales tax	46,000	46,000	49,526
State income tax	159,500	159,500	192,915
Local use tax	23,100	23,100	30,052
Utility tax	282,500	282,500	359,030
Miscellaneous tax	-	-	9,792
Total other taxes	531,100	531,100	673,312
Total taxes	2,312,312	2,312,312	2,393,009
LICENSES AND PERMITS			
Licenses			
Vehicle license	58,286	58,286	60,558
Animal license	4,400	4,400	421
Total licenses	62,686	62,686	60,979
Permits			
Building	297,750	297,750	395,145
Fence	2,500	2,500	-
Parking	35,500	35,500	33,792
Zoning review	-	-	10,868
Plan review	50,000	50,000	40,480
Total permits	385,750	385,750	480,285
Total licenses and permits	448,436	448,436	541,264
FINES AND FORFEITS			
Circuit court fines	15,000	15,000	13,592
DUI fines	1,100	1,100	720
Village ordinance fines	32,500	32,500	36,732
Total fines and forfeits	48,600	48,600	51,044

(This schedule is continued on the following page.)

VILLAGE OF KENILWORTH, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Ambulance user fees	\$ 12,000	\$ 12,000	\$ 17,167
Elevator user fees	400	400	-
Beach fees	17,500	17,500	18,546
Fire and burglar alarm fees	17,000	17,000	9,380
Sales of yard waste bags and stickers	9,000	9,000	7,217
State highway maintenance	4,751	4,751	2,506
Special duty detail	3,000	3,000	5,086
Waste collection	157,500	157,500	158,095
Antenna lease fee	84,125	84,125	87,226
Miscellaneous fees	2,000	2,000	6,360
Total charges for services	307,276	307,276	311,583
Investment income	10,000	10,000	66,656
Total investment income	10,000	10,000	66,656
Miscellaneous			
Franchise fees			
Cable television	24,600	24,600	25,636
Telephone	6,000	6,000	5,800
	-	-	15,978
Total miscellaneous	30,600	30,600	47,414
TOTAL REVENUES	\$ 3,157,224	\$ 3,157,224	\$ 3,410,970

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Administrative			
Personnel			
Salaries			
Regular	\$ 149,350	\$ 149,350	\$ 141,019
Overtime	1,000	1,000	5,268
Part-time	1,500	1,500	18,490
Officials	100	100	-
Employee benefits			
Medical	53,475	53,475	34,618
Dental	4,474	4,474	2,767
Life	504	504	706
Other benefits	25,589	25,589	25,899
Total personnel	235,992	235,992	228,767
Contractual services			
Auditing	12,500	12,500	26,084
Plan review and inspection	48,500	48,500	76,056
Park District services	4,000	4,000	4,000
Printing and publishing	6,000	6,000	6,639
Telephone	5,000	5,000	5,543
Miscellaneous	2,000	2,000	1,269
Professional fees	55,000	55,000	44,881
Postage	4,500	4,500	5,370
Dues, membership and subscriptions	2,000	2,000	6,115
Contingency	-	-	-
Repair and maintenance of vehicles and equipment	500	500	1,459
Total contractual services	140,000	140,000	177,416
Commodities			
Office supplies	4,000	4,000	3,479
Other supplies	-	-	964
Total commodities	4,000	4,000	4,443
Other expenses			
Fuel	350	350	343
Recruitment and training	3,500	3,500	3,776
Miscellaneous	4,000	4,000	3,962
Auto allowance	3,600	3,600	3,600
Total other expenses	11,450	11,450	11,681
Capital outlay			
Software	4,000	4,000	-
Computer equipment	2,000	2,000	1,549
Total capital outlay	6,000	6,000	1,549

(This schedule is continued on the following pages.)

VILLAGE OF KENILWORTH, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Support services			
Insurance - liability, and workers' compensation	\$ 87,000	\$ 87,000	\$ 78,730
Village attorney	80,000	80,000	183,639
Village prosecutor	3,600	3,600	2,275
Maintenance of office equipment	5,000	5,000	1,645
Internet service	1,000	1,000	1,196
Total support services	176,600	176,600	267,485
TOTAL GENERAL GOVERNMENT	\$ 574,042	\$ 574,042	\$ 691,341
PUBLIC SAFETY			
Police department			
Personnel			
Salaries			
Regular	\$ 874,156	\$ 874,156	\$ 858,193
Overtime	58,000	58,000	75,098
Part-time	46,001	46,001	45,151
Employee benefits			
Medical	162,643	162,643	159,292
Dental	13,432	13,432	14,231
Life	1,500	1,500	1,015
Other benefits	39,050	39,050	46,699
Total personnel	1,194,782	1,194,782	1,199,679
Contractual services			
Maintenance - office equipment	600	600	505
Printing and publishing	1,600	1,600	1,274
Telephone	10,000	10,000	10,388
Cellular service	2,000	2,000	2,077
LEADS teletype	6,000	6,000	5,737
Animal control and health official	5,040	5,040	4,665
Postage	1,000	1,000	301
Dues, memberships and subscriptions	18,300	18,300	11,115
Repair and maintenance of vehicles and equipment	21,000	21,000	14,544
Total contractual services	65,540	65,540	50,606
Commodities			
Office supplies	2,000	2,000	2,083
Other supplies	10,000	10,000	7,837
Uniforms	15,840	15,840	12,730
Total commodities	27,840	27,840	22,650
Other expenses			
Auto allowance	3,600	3,600	3,600
Fuel	8,800	8,800	13,816
Recruitment and training	24,400	24,400	9,828
Community service	2,400	2,400	2,134
Miscellaneous	-	-	2,023
Total other expenses	39,200	39,200	31,401

(This schedule is continued on the following pages.)

VILLAGE OF KENILWORTH, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Police department (Continued)			
Capital outlay			
Machinery and equipment	\$ 4,250	\$ 4,250	\$ 3,750
Software	1,800	1,800	125
Computer equipment	2,000	2,000	1,921
Vehicles	23,500	23,500	22,666
Total capital outlay	31,550	31,550	28,462
Total police department	1,358,912	1,358,912	1,332,798
Fire department			
Personnel - salaries - regular	9,288	9,288	9,521
Other benefits	320	320	-
Contractual services - fire protection	405,000	405,000	405,664
Total fire department	414,608	414,608	415,185
TOTAL PUBLIC SAFETY	\$ 1,773,520	\$ 1,773,520	\$ 1,747,983
PUBLIC WORKS			
Building and grounds			
Personnel - maintenance salaries	\$ 5,149	\$ 5,149	\$ 5,276
Other benefits	1,011	1,011	1,100
Contractual services - outside maintenance	14,000	14,000	15,411
Commodities			
Building repairs - village hall	12,500	12,500	12,456
Building repairs - public works	5,000	5,000	1,057
Maintenance and other supplies	1,500	1,500	1,652
Heating, electric and water utilities	-	-	110
Total building and grounds	39,160	39,160	37,062
Waste removal			
Personnel - salaries - regular	62,023	62,023	52,904
Personnel - salaries - overtime	-	-	511
Other benefits	12,187	12,187	11,185
Insurance	-	-	2,201
Contractual services			
Recycling	6,000	6,000	6,000
Waste removal - regular	116,628	116,628	120,406
Waste removal - extra	5,000	5,000	5,745
Yard waste disposal	200,850	200,850	140,375
Leaf pickup	6,000	6,000	6,000
Commodities			
Other supplies	10,000	10,000	300
Total waste removal	418,688	418,688	345,627
Forestry			
Contractual services			
Tree trimming	16,000	16,000	16,368
Tree removal	12,000	12,000	27,265
Total forestry	28,000	28,000	43,633
TOTAL PUBLIC WORKS	\$ 485,848	\$ 485,848	\$ 426,322

(This schedule is continued on the following pages.)

VILLAGE OF KENILWORTH, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
HIGHWAY AND STREETS			
Street department			
Personnel - salaries			
Regular	\$ 174,819	\$ 174,819	\$ 174,816
Overtime	5,000	5,000	6,752
Employee benefits			
Medical	31,933	31,933	32,275
Dental	2,640	2,640	2,637
Life	378	378	248
Other benefits	34,450	34,450	38,546
Total street department	249,220	249,220	255,274
Contractual services			
Telephone	750	750	772
Cellular service	500	500	492
Outside maintenance	4,000	4,000	63
Repair and maintenance of vehicles and equipment	10,000	10,000	6,193
Signs - traffic and streets	4,000	4,000	2,564
Total contractual services	19,250	19,250	10,084
Commodities			
Office supplies	300	300	196
Other supplies	3,000	3,000	3,408
Maintenance supplies	10,000	10,000	16,233
Equipment rental	1,000	1,000	-
Uniforms	1,000	1,000	858
Total commodities	15,300	15,300	20,695
Other expenses			
Auto allowance	3,600	3,600	3,727
Fuel	4,000	4,000	6,098
Total other expenses	7,600	7,600	9,825
Capital outlay			
Computer equipment	500	500	-
Street and sidewalk improvement	5,000	5,000	8,190
Total capital outlay	5,500	5,500	8,190
Street lighting			
Personnel - salaries - regular	22,579	22,579	24,341
Personnel - salaries - overtime	-	-	296
Other benefits	4,437	4,437	3,006
Contractual services - repairs and maintenance of vehicles and equipment	1,500	1,500	1,848
Commodities			
Other supplies	3,500	3,500	2,217
Heating, electric and water utilities	16,500	16,500	16,141
Other expenses - cabling, posts and lanterns	1,000	1,000	3,123
Total street lighting	49,516	49,516	50,972
TOTAL HIGHWAY AND STREETS	\$ 346,386	\$ 346,386	\$ 355,040

(This schedule is continued on the following page.)

VILLAGE OF KENILWORTH, ILLINOIS

GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2006

	Original Budget		Final Budget		Actual
CULTURE AND RECREATION					
Beach					
Personnel					
Salaries					
Part-time	\$ 22,000	\$	22,000	\$	22,122
Other benefits	-		-		1,692
Contractual services					
Printing and publishing	500		500		-
Telephone	400		400		239
Miscellaneous	200		200		-
Laboratory services	1,000		1,000		572
Commodities					
Other supplies	2,500		2,500		2,837
Other - recruitment and training	400		400		240
Capital outlay	1,750		1,750		1,669
Total beach	28,750		28,750		29,371
TOTAL CULTURE AND RECREATION	\$ 28,750	\$	28,750	\$	29,371

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

DEBT SERVICE FUNDS

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

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Alternate Bond and Interest Series 1999	Refunding Bond and Interest Series 2004	Total
REVENUES					
Property taxes	\$ 442,294	\$ 442,294	\$ -	\$ 426,160	\$ 426,160
Investment income	-	-	8,373	638	9,011
Total revenues	442,294	442,294	8,373	426,798	435,171
EXPENDITURES					
Principal	425,000	425,000	220,000	425,000	645,000
Interest	10,000	10,000	201,165	5,603	206,768
Bond issuance costs	5,000	5,000	5,600	-	5,600
Total expenditures	440,000	440,000	426,765	430,603	857,368
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,294	2,294	(418,392)	(3,805)	(422,197)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	425,000	-	425,000
Total other financing sources (uses)	-	-	425,000	-	425,000
NET CHANGE IN FUND BALANCE	\$ 2,294	\$ 2,294	6,608	(3,805)	2,803
FUND BALANCE (DEFICIT), MAY 1			208,255	(2,150)	206,105
Prior period adjustment			-	212,500	212,500
FUND BALANCE, RESTATED			208,255	210,350	418,605
FUND BALANCE, APRIL 30			\$ 214,863	\$ 206,545	\$ 421,408

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

VILLAGE OF KENILWORTH, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

April 30, 2006

	Special Revenue			Capital	Total
	Sewer Service	Motor Fuel Tax	E-911	Project Construction	
ASSETS					
Cash	\$ 242,065	\$ 151,333	\$ 230,633	\$ -	\$ 624,031
Accounts receivable					
Sewer maintenance charges	12,443	-	-	-	12,443
Other	-	5,715	-	-	5,715
Due from other funds	8,587	-	930	-	9,517
TOTAL ASSETS	\$ 263,095	\$ 157,048	\$ 231,563	\$ -	\$ 651,706
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 655	\$ -	\$ 4,500	\$ -	\$ 5,155
Due to other funds	-	-	14,773	-	14,773
Total liabilities	655	-	19,273	-	19,928
FUND BALANCES					
Unreserved, undesignated (deficit)	262,440	157,048	212,290	-	631,778
TOTAL LIABILITIES AND AND FUND BALANCES	\$ 263,095	\$ 157,048	\$ 231,563	\$ -	\$ 651,706

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For the Year Ended April 30, 2006

	Special Revenue			Capital Project	Total
	Sewer Service	Motor Fuel Tax	E-911	Project Construction	
REVENUES					
Surcharge revenue	\$ -	\$ -	\$ 113,787	\$ -	\$ 113,787
Intergovernmental	-	71,905	-	-	71,905
Sewer charges	62,897	-	-	-	62,897
Investment income	8,248	8,231	7,053	-	23,532
Total revenues	71,145	80,136	120,840	-	272,121
EXPENDITURES					
Current					
Public safety	-	-	33,116	-	33,116
Public works	8,734	-	-	-	8,734
Capital outlay	15,052	177,508	-	-	192,560
Total expenditures	23,786	177,508	33,116	-	234,410
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	47,359	(97,372)	87,724	-	37,711
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	9,097	9,097
Transfers (out)	-	-	(4,500)	-	(4,500)
Total other financing sources (uses)	-	-	(4,500)	9,097	4,597
NET CHANGE IN FUND BALNCE	47,359	(97,372)	83,224	9,097	42,308
FUND BALANCE (DEFICIT), MAY 1	209,369	248,499	129,066	(9,097)	577,837
Prior period adjustment	5,712	5,921	-	-	11,633
FUND BALANCE (DEFICIT), MAY 1, RESTATED	215,081	254,420	129,066	(9,097)	589,470
FUND BALANCE (DEFICIT), APRIL 30	\$ 262,440	\$ 157,048	\$ 212,290	\$ -	\$ 631,778

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

SEWER SERVICE FUND

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

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
REVENUES			
Sewer charges	\$ 55,000	\$ 55,000	\$ 62,897
Investment income	2,700	2,700	8,248
Total revenues	57,700	57,700	71,145
EXPENDITURES			
Current			
Street lighting	12,000	12,000	8,734
Capital outlay	22,750	22,750	15,052
Total expenditures	34,750	34,750	23,786
NET CHANGE IN FUND BALANCE	\$ 22,950	\$ 22,950	47,359
FUND BALANCE, MAY 1			209,369
Prior period adjustment			5,712
FUND BALANCE, MAY 1, RESTATED			215,081
FUND BALANCE, APRIL 30			\$ 262,440

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

MOTOR FUEL TAX FUND

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

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ 71,000	\$ 71,000	\$ 71,905
Investment income	5,000	5,000	8,231
Total revenues	<u>76,000</u>	<u>76,000</u>	<u>80,136</u>
EXPENDITURES			
Capital outlay			
Highways and streets	45,000	45,000	177,508
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>177,508</u>
NET CHANGE IN FUND BALANCE	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>(97,372)</u>
FUND BALANCE, MAY 1			248,499
Prior period adjustment			<u>5,921</u>
FUND BALANCES, MAY 1, RESTATED			<u>254,420</u>
FUND BALANCE, APRIL 30			<u>\$ 157,048</u>

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

E-911 FUND

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

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
REVENUES			
Surcharge revenue	\$ 116,000	\$ 116,000	\$ 113,787
Investment income	2,250	2,250	7,053
Total revenues	118,250	118,250	120,840
EXPENDITURES			
Current			
Public safety	30,850	30,850	33,116
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	87,400	87,400	87,724
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(4,500)	(4,500)	(4,500)
Total other financing sources (uses)	(4,500)	(4,500)	(4,500)
NET CHANGE IN FUND BALANCE	\$ 82,900	\$ 82,900	83,224
FUND BALANCE, MAY 1			129,066
FUND BALANCE, APRIL 30			\$ 212,290

(See independent auditor's report.)

MAJOR ENTERPRISE FUNDS

VILLAGE OF KENILWORTH, ILLINOIS

WATERWORKS SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENSES, AND
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 929,200	\$ 929,200	\$ 1,049,576
Miscellaneous	-	-	2,090
Total operating revenues	929,200	929,200	1,051,666
OPERATING EXPENSES			
Personnel			
Salaries			
Regular	268,828	268,828	277,660
Overtime	9,000	9,000	14,340
Compensated absences	-	-	16,291
Employee benefits			
Medical	53,476	53,476	56,465
Dental	4,477	4,477	4,477
Life	400	400	347
Other benefits	52,844	52,844	63,222
Total personnel expenses	389,025	389,025	432,802
Contractual services			
Village Attorney	15,000	15,000	19,139
Engineering and professional fees			
Printing and publishing	600	600	1,490
Telephone and internet	3,050	3,050	4,949
Outside maintenance	2,400	2,400	7,150
Professional services	-	-	5,322
Postage	2,000	2,000	1,409
Dues, memberships and subscriptions	200	200	140
Equipment rental	500	500	-
Repairs and maintenance	21,200	21,200	23,411
Total contractual services	44,950	44,950	63,010

(This schedule is continued on the following page.)

VILLAGE OF KENILWORTH, ILLINOIS
WATERWORKS SYSTEM FUND
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
OPERATING EXPENSES (Continued)			
Commodities			
Office supplies	\$ 300	\$ 300	\$ 230
Other supplies	2,000	2,000	2,706
Maintenance supplies	1,500	1,500	1,622
Heating, electric and water utilities	20,000	20,000	26,582
Uniforms	800	800	799
Chemicals	10,000	10,000	8,734
Sewer use charge	1,500	1,500	1,858
Total commodities	<u>36,100</u>	<u>36,100</u>	<u>42,531</u>
Other expenses			
Auto allowance	3,600	3,600	3,600
Fuel	1,900	1,900	2,639
Recruitment and training	900	900	4,571
Agent fees	600	600	600
Miscellaneous	-	-	355
Total other expenses	<u>7,000</u>	<u>7,000</u>	<u>11,765</u>
Capital outlay	<u>7,500</u>	<u>7,500</u>	<u>6,832</u>
Depreciation	-	-	194,887
Total operating expenses	<u>484,575</u>	<u>484,575</u>	<u>751,827</u>
OPERATING INCOME	<u>444,625</u>	<u>444,625</u>	<u>299,839</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	12,000	12,000	9,564
Bond interest	(216,281)	(216,281)	(211,699)
Bond principal	(245,000)	(245,000)	-
Total nonoperating expenses (expenses)	<u>(449,281)</u>	<u>(449,281)</u>	<u>(202,135)</u>
CHANGE IN NET ASSETS	<u>\$ (4,656)</u>	<u>\$ (4,656)</u>	<u>97,704</u>
NET ASSETS, MAY 1			1,827,481
Prior period adjustment			<u>25,089</u>
NET ASSETS, MAY 1, RESTATED			<u>1,852,570</u>
NET ASSETS, APRIL 30			<u>\$ 1,950,274</u>

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

WATERWORKS SYSTEM FUND

SCHEDULE OF CHANGES IN CAPITAL ASSETS AND DEPRECIATION

For the Year Ended April 30, 2006

	Cost			Accumulated Depreciation			Net Asset Value		
	Balance May 1	Additions	Deductions	Balance April 30	Balance May 1	Additions		Deductions	Balance April 30
Land	\$ 38,648	\$ -	\$ -	\$ 38,648	\$ -	\$ -	\$ -	\$ -	\$ 38,648
Buildings and grounds	6,249,561	-	-	6,249,561	536,800	148,575	-	685,375	5,564,186
Furniture and equipment	137,004	-	-	137,004	93,093	11,250	-	104,343	32,661
Water mains and hydrants	215,962	-	-	215,962	139,545	4,319	-	143,864	72,098
Water tower	379,922	-	-	379,922	216,484	7,598	-	224,082	155,840
Water plant equipment	1,133,708	-	-	1,133,708	488,082	23,145	-	511,227	622,481
Source of supply	18,207	-	-	18,207	18,207	-	-	18,207	-
TOTAL	\$ 8,173,012	\$ -	\$ -	\$ 8,173,012	\$ 1,492,211	\$ 194,887	\$ -	\$ 1,687,098	\$ 6,485,914

(See independent auditor's report.)

FIDUCIARY FUNDS

VILLAGE OF KENILWORTH, ILLINOIS

POLICE PENSION FUND

SCHEDULE OF CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Year Ended April 30, 2006

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 150,075	\$ 150,075	\$ 154,241
Participants	60,000	60,000	71,486
Other	700	700	1,200
	<hr/>		
Total contributions	210,775	210,775	226,927
<hr/>			
INVESTMENT INCOME			
Net appreciation (depreciation) in fair value of investments	-	-	329,571
Investment income	62,500	62,500	103,650
	<hr/>		
	62,500	62,500	433,221
Less investment expense	-	-	-
	<hr/>		
Net investment income	62,500	62,500	433,221
	<hr/>		
Total additions	273,275	273,275	660,148
<hr/>			
DEDUCTIONS			
Administrative	5,100	5,100	6,069
Miscellaneous services	3,000	3,000	-
Pension benefits and refunds	343,000	343,000	359,969
	<hr/>		
Total deductions	351,100	351,100	366,038
<hr/>			
NET INCREASE	\$ (77,825)	\$ (77,825)	294,110
<hr/>			
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
MAY 1			4,748,306
Prior period adjustment			(24,030)
			<hr/>
MAY 1, RESTATED			4,724,276
			<hr/>
APRIL 30			<u>\$ 5,018,386</u>

(See independent auditor's report.)

SUPPLEMENTAL DATA

VILLAGE OF KENIL WORTH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

SCHEDULE OF WATER REVENUE BONDS, SERIES 1996

April 30, 2006

Date of Issue	July 1, 1996
Date of Maturity	July 1, 2006
Authorized Issue	\$600,000
Denomination of Bonds	\$5,000
Interest Rate	4.950%
Paying Agent	J.P. Morgan Trust Company
Purpose of Issue	Improvements to the existing waterworks system
Interest Dates	July and January

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on	
	Principal	Interest	Totals	July 1	Amount
2007	\$ 60,000	\$ 1,485	\$ 61,485	2006	\$ 1,485
	<u>\$ 60,000</u>	<u>\$ 1,485</u>	<u>\$ 61,485</u>		<u>\$ 1,485</u>

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

SCHEDULE OF GENERAL OBLIGATION BONDS, ALTERNATE REVENUE SOURCE, SERIES 1999

April 30, 2006

Date of Issue	August 1, 1999
Date of Maturity	December 1, 2019
Authorized Issue	\$5,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.700% to 5.000%
Paying Agent	J.P. Morgan Trust Company
Purpose of Issue	To finance a comprehensive municipal plan
Interest Dates	June and December

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2007	\$ 225,000	\$ 190,825	\$ 415,825	2006	\$ 95,413	2006	\$ 95,413
2008	235,000	180,250	415,250	2007	90,125	2007	90,125
2009	245,000	169,205	414,205	2008	84,603	2008	84,603
2010	260,000	157,690	417,690	2009	78,845	2009	78,845
2011	270,000	145,340	415,340	2010	72,670	2010	72,670
2012	280,000	132,380	412,380	2011	66,190	2011	66,190
2013	295,000	118,800	413,800	2012	59,400	2012	59,400
2014	310,000	104,345	414,345	2013	52,173	2013	52,173
2015	325,000	89,000	414,000	2014	44,500	2014	44,500
2016	340,000	72,750	412,750	2015	36,375	2015	36,375
2017	355,000	55,750	410,750	2016	27,875	2016	27,875
2018	370,000	38,000	408,000	2017	19,000	2017	19,000
2019	390,000	19,500	409,500	2018	9,750	2018	9,750
	<u>\$ 3,900,000</u>	<u>\$ 1,473,835</u>	<u>\$ 5,373,835</u>		<u>\$ 736,919</u>		<u>\$ 736,919</u>

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

SCHEDULE OF GENERAL OBLIGATION LIMITED REFUNDING BONDS, SERIES 2002

April 30, 2006

Date of Issue	September 10, 2001
Date of Maturity	December 1, 2021
Authorized Issue	\$5,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.200% to 4.800%
Paying Agent	J.P. Morgan Trust Company
Purpose of Issue	To expand, repair and improve the existing waterworks system
Interest Dates	June and December

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	June 1	Amount	Dec. 1	Amount
2007	\$ 190,000	\$ 204,056	\$ 394,056	2006	\$ 102,028	2006	\$ 102,028
2008	200,000	196,076	396,076	2007	98,038	2007	98,038
2009	210,000	187,676	397,676	2008	93,838	2008	93,838
2010	220,000	178,856	398,856	2009	89,428	2009	89,428
2011	230,000	169,506	399,506	2010	84,753	2010	84,753
2012	240,000	159,731	399,731	2011	79,866	2011	79,866
2013	250,000	149,531	399,531	2012	74,766	2012	74,766
2014	265,000	138,594	403,594	2013	69,297	2013	69,297
2015	275,000	126,669	401,669	2014	63,335	2014	63,335
2016	290,000	113,950	403,950	2015	56,975	2015	56,975
2017	305,000	100,320	405,320	2016	50,160	2016	50,160
2018	320,000	85,680	405,680	2017	42,840	2017	42,840
2019	340,000	70,320	410,320	2018	35,160	2018	35,160
2020	355,000	54,000	409,000	2019	27,000	2019	27,000
2021	375,000	36,960	411,960	2020	18,480	2020	18,480
2022	395,000	18,960	413,960	2021	9,480	2021	9,480
	<u>\$ 4,460,000</u>	<u>\$ 1,990,885</u>	<u>\$ 6,450,885</u>		<u>\$ 995,444</u>		<u>\$ 995,444</u>

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

SCHEDULE OF GENERAL OBLIGATION LIMITED REFUNDING BONDS, SERIES 2005

April 30, 2006

Date of Issue	May 27, 2005
Date of Maturity	December 1, 2006
Authorized Issue	\$425,000
Denomination of Bonds	\$450,000
Interest Rates	2.950%
Paying Agent	J.P. Morgan Trust Company
Purpose of Issue	To refund the interest due on June 1, 2005 and the principal due on December 1, 2005 on the outstanding General Obligations, Alternate Revenue Sources, Series 1999 Bonds
Interest Dates	June and December

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			June 1	Interest Due on		Amount
	Principal	Interest	Totals		Amount	Dec. 1	
2007	\$ 425,000	\$ 18,946	\$ 443,946	2006	\$ 12,630	2006	\$ 6,316
	\$ 425,000	\$ 18,946	\$ 443,946		\$ 12,630		\$ 6,316

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS

WATERWORKS SYSTEM FUND

SCHEDULE OF CHANGES IN NET ASSETS - RESTRICTED AND UNRESTRICTED ACCOUNTS

For the Year Ended April 30, 2006

	Restricted Accounts				Unrestricted Accounts Waterworks	Total
	Operation and Maintenance	Bond	Depreciation and Contingencies	Bond Reserve		
NET ASSETS, MAY 1	\$ 70,000	\$ 127,083	\$ 36,400	\$ 16,000	\$ 1,577,998	\$ 1,827,481
Changes in net assets and transfers (net)	(20,000)	(86,093)	4,200	-	199,597	97,704
NET ASSETS, APRIL 30	\$ 50,000	\$ 40,990	\$ 40,600	\$ 16,000	\$ 1,777,595	\$ 1,925,185

(See independent auditor's report.)

STATISTICAL SECTION

VILLAGE OF KENILWORTH, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2006

Actuarial Valuation Date April 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2000	\$ 4,990,072	\$ 5,575,356	89.50%	\$ 585,284	\$ 507,036	115.43%
2001	4,800,268	6,512,620	73.71%	1,712,352	552,521	309.92%
2002	4,607,495	6,881,422	66.96%	2,273,927	548,223	414.78%
2003	4,444,993	6,823,508	65.14%	2,378,515	571,150	416.44%
2004	4,719,857	7,177,822	65.76%	2,457,965	596,019	412.40%
2005	4,777,859	7,397,573	64.59%	2,619,714	709,756	369.10%

Note: The actuarial valuation performed on the plan's net assets was not performed in accordance with GASB Statements No. 25 and 27.

(See independent auditor's report.)

VILLAGE OF KENILWORTH, ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 POLICE PENSION FUND

April 30, 2006

Fiscal Year	Suggested Annual Tax Levy	Contribution Made	Contribution Made as a Percentage of Suggested Annual Tax Levy
2001	\$ 105,374	\$ 100,369	95.25%
2002	90,335	103,163	114.20%
2003	90,335	88,745	98.24%
2004	140,953	138,655	98.37%
2005	167,124	148,540	88.88%
2006	210,843	154,241	73.15%

Note: The actuarial valuation performed on the plan's net assets was not performed in accordance with GASB Statements No. 25 and 27.

(See independent auditor's report.)