

VILLAGE OF KENILWORTH,
ILLINOIS

ANNUAL
FINANCIAL REPORT

YEAR ENDED
APRIL 30, 2011

VILLAGE OF KENILWORTH, ILLINOIS

ANNUAL FINANCIAL REPORT

YEAR ENDED APRIL 30, 2011

Prepared by:
Finance Department

VILLAGE OF KENILWORTH, ILLINOIS

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INTRODUCTORY SECTION

VILLAGE OF KENILWORTH, ILLINOIS

List of Principal Officials

April 30, 2011

PRESIDENT

Fred G. Steingraber

BOARD OF TRUSTEES

Robert A. Hastings
James Hughes
Thomas Nahrwold

Robert Smietana
Thomas Terrill
Michael Thomas

CLERK

Scott Lein

VILLAGE ATTORNEY

Barbara A. Adams

TREASURER

Stephen D. Hoopes

VILLAGE MANAGER

Bradly Burke

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Village's independent auditing firm.

INDEPENDENT AUDITORS' REPORT

July 18, 2011

The Honorable Village President
Members of the Board of Trustees
Village of 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 for the Village of Kenilworth, Illinois as of and for the year ended April 30, 2011, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Village of Kenilworth, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Kenilworth, Illinois as of April 30, 2011, 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.

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

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village of Kenilworth, Illinois' financial statements as a whole. The introductory section and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in blue ink that reads "Lauterbach + Amen LLP". The signature is written in a cursive, flowing style.

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis April 30, 2011

Our discussion and analysis of the Village of Kenilworth's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2011. Please read it in conjunction with the Village's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Village's net assets increased as a result of this year's operations. Net assets of business-type activities increased by \$107,781, or 7.3 percent, and net assets of the governmental activities increased by \$920,244, or 36.9 percent.
- During the year, government-wide revenues for the primary government totaled \$6,346,201 while expenses totaled \$5,318,176, resulting in an increase to net assets of \$1,028,025.
- The Village's net assets totaled \$4,993,565 on April 30, 2011, which includes \$1,154,041 invested in capital assets, net of related debt, \$1,975,475 subject to external restrictions, and \$1,864,049 unrestricted net assets that may be used to meet the ongoing obligations to citizens and creditors.
- The Village's governmental funds reported combining ending fund balances of \$4,750,949, which is an increase of \$943,707, or 24.8 percent, higher than last year's total of \$3,807,242. A portion of the increase is due to unspent proceeds of the 2010 Bond issue. Of the \$4,750,949 total, \$2,153,277, or approximately 45.3 percent, of the fund balance constitutes unreserved fund balance.
- The General Fund reported an increase this year of \$292,242 resulting in ending fund balance of \$2,276,615, an increase of 14.7 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 3 - 6) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 6 of this report.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis

April 30, 2011

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

The Statement of Net Assets reports information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's capital assets, is needed to assess the overall health of the Village.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and charges for services (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, highways and streets, police protection, planning and zoning, and economic development. The business-type activities of the Village include waterworks system operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Village's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis April 30, 2011

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, and Capital Projects Funds, all of which are considered major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 7 - 10 of this report.

Proprietary Funds

The Village maintains one proprietary fund type: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes one enterprise funds to account for its waterworks system operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks System Fund, which is considered to be a major fund of the Village.

The basic proprietary fund financial statements can be found on pages 11 - 14 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village of Kenilworth's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 15 - 16 of this report.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis

April 30, 2011

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's General Fund budgetary comparison schedule and disclosures regarding the Village's Illinois Municipal Retirement Fund. Required supplementary information can be found on pages 53 - 56 of this report. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 57 - 78 of this report.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis April 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets exceeded liabilities by \$4,993,565.

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 6,967,400	5,474,940	(216,141)	(354,758)	6,751,259	5,120,182
Capital Assets	2,343,236	2,259,118	5,903,267	6,064,636	8,246,503	8,323,754
Total Assets	9,310,636	7,734,058	5,687,126	5,709,878	14,997,762	13,443,936
Long-Term Debt	2,768,611	3,149,314	3,876,023	4,010,081	6,644,634	7,159,395
Other Liabilities	3,126,763	2,089,726	232,800	229,275	3,359,563	2,319,001
Total Liabilities	5,895,374	5,239,040	4,108,823	4,239,356	10,004,197	9,478,396
Net Assets						
Invested in Capital Assets, Net of Related Debt	(761,052)	(1,016,995)	1,915,093	1,952,537	1,154,041	935,542
Restricted	1,975,475	1,771,562	-	-	1,975,475	1,771,562
Unrestricted (Deficit)	2,200,839	1,740,451	(336,790)	(482,015)	1,864,049	1,258,436
Total Net Assets	3,415,262	2,495,018	1,578,303	1,470,522	4,993,565	3,965,540

A portion of the Village's net assets, \$1,154,041 or 23.1 percent, reflects its investment in capital assets (for example, land, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding.

During the fiscal year a \$593,000 General Obligation Limited Bond was issued. Proceeds from the bond are earmarked for capital improvements. The total proceeds from the bond must be spent within three years of issuance. During the current year \$144,288 was spent, the balance to be used during fiscal year 2012.

The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$1,975,475 or 39.6 percent, of the Village's net assets represents resources that are subject to external restrictions on how they may be used, specifically for debt service requirements. The remaining \$1,864,049 represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis
April 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Assets					
	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	2011	2010
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$ 1,366,170	1,087,218	1,030,811	837,033	2,396,981	1,924,251
Operating Grants/Contrib.	77,910	65,776	-	-	77,910	65,776
Capital Grants/Contrib.	-	-	-	-	-	-
General Revenues						
Taxes						
Property	3,137,611	2,704,140	-	-	3,137,611	2,704,140
Replacement	35,723	32,138	-	-	35,723	32,138
State Income	197,312	203,833	-	-	197,312	203,833
State Sales	36,649	41,968	-	-	36,649	41,968
Utility	294,555	304,768	-	-	294,555	304,768
Other	47,701	43,403	-	-	47,701	43,403
Investment Income	13,965	16,714	372	274	14,337	16,988
Miscellaneous	107,422	99,120	-	-	107,422	99,120
Total Revenues	5,315,018	4,599,078	1,031,183	837,307	6,346,201	5,436,385
Expenses						
General Government	561,991	574,324	-	-	561,991	574,324
Public Works	707,728	711,110	-	-	707,728	711,110
Public Safety	2,451,186	2,521,177	-	-	2,451,186	2,521,177
Highways and Streets	499,633	431,561	-	-	499,633	431,561
Culture and Recreation	33,033	32,372	-	-	33,033	32,372
Interest on Long-Term Debt	141,203	135,251	-	-	141,203	135,251
Waterworks System	-	-	923,402	967,202	923,402	967,202
Total Expenses	4,394,774	4,405,795	923,402	967,202	5,318,176	5,372,997
Change in Net Assets	920,244	193,283	107,781	(129,895)	1,028,025	63,388
Net Assets - Beginning	2,495,018	2,301,735	1,470,522	1,600,417	3,965,540	3,902,152
Net Assets-Ending	3,415,262	2,495,018	1,578,303	1,470,522	4,993,565	3,965,540

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis April 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

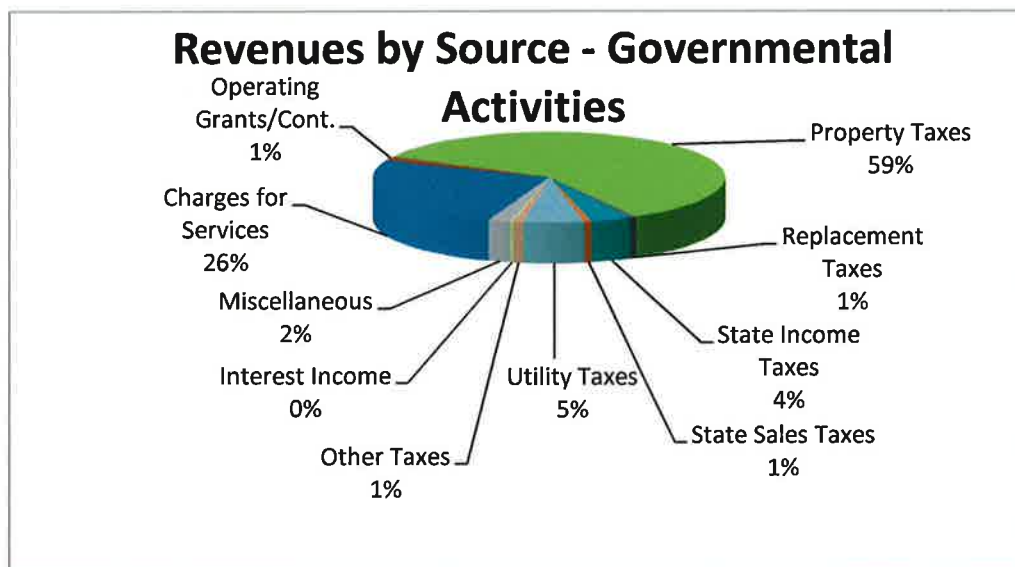
Net assets of the Village's governmental activities increased by 36.8 percent (\$3,415,262 in 2011 compared to \$2,495,018 in 2010). Unrestricted net assets, the part of net assets used to finance day-to-day operations without constraints, totaled \$2,200,839 at April 30, 2011, and represents 50.1 percent of total governmental activities expenses.

Net assets of business-type activities increased by 7.3 percent (\$1,578,303 in 2011 compared to \$1,470,522 in 2010).

Governmental Activities

Revenues for governmental activities totaled \$5,315,018, while the cost of all governmental functions totaled \$4,394,774. This results in a surplus of \$920,244. In 2010, revenues of \$4,599,078 exceeded expenses of \$4,405,795, resulting in a surplus of \$193,283. State shared revenues decreased from 2010 to 2011 for a second year in a row. In 2011, state shared revenues totaled \$233,961, while in 2010 state shared revenues totaled \$245,801, a decrease of 4.8 percent due in large part to the slow recovery to the slumping economy and its effect on income and sales taxes.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes and state shared revenues to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from utility taxes and telecommunication taxes. Charges for Service increased 2% over 2010 due to the restructuring of refuse charges.



VILLAGE OF KENILWORTH, ILLINOIS

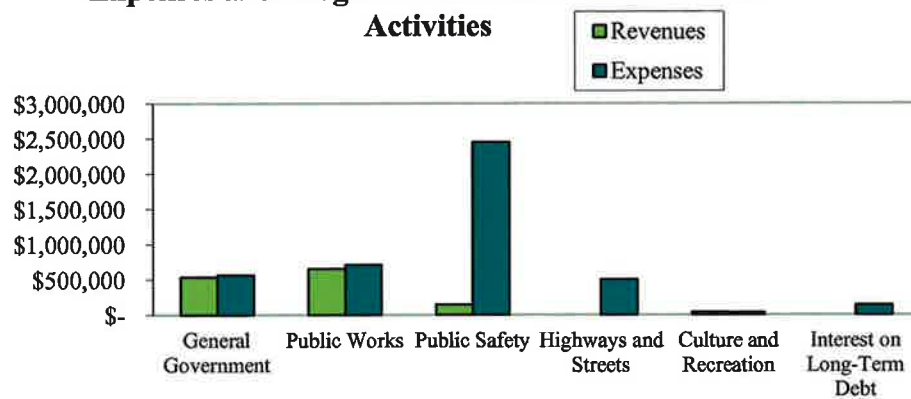
**Management’s Discussion and Analysis
April 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

The ‘Expenses and Program Revenues’ Table identifies those governmental functions where program expenses greatly exceed revenues.

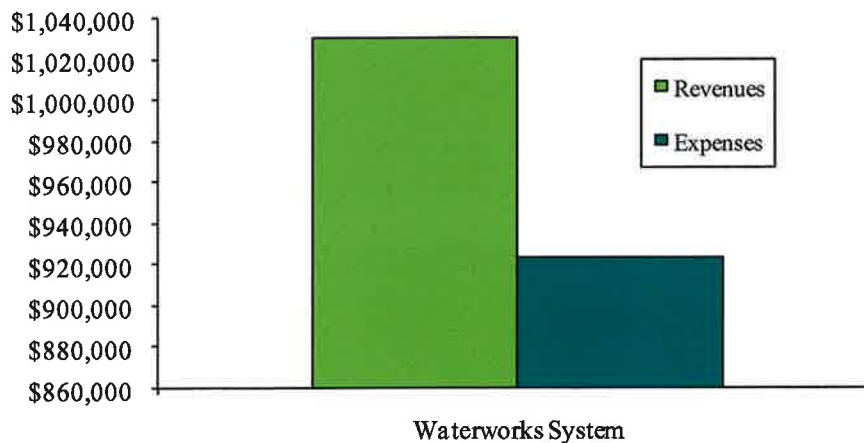
Expenses and Program Revenues - Governmental Activities



Business-Type activities

Business-Type activities reported total revenues of \$1,031,183, while the cost of all business-type activities totaled \$923,402, resulting in a surplus of \$107,781. In 2010, expenses of \$967,202 exceed revenues of \$837,307, resulting in a deficit of \$129,895. The surplus in the current year is due to an increase in water rates and a decrease in personnel expense resulting from the reorganization of the Public Works and Water Departments.

Expenses and Program Revenues - Business-Type Activities



The above graph compares program revenues to expenses for utility operations.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis

April 30, 2011

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's governmental funds reported combining ending fund balances of \$4,750,949, which is an increase of \$943,707, or 24.8 percent, higher than last year's total of \$3,807,242. A portion of the increase is due to unspent proceeds of the 2010 Bond issue. Of the \$4,750,949 total, \$2,153,277, or approximately 45.3 percent, of the fund balance constitutes unreserved fund balance.

The General Fund reported fund balance for the year of \$2,276,615, an increase of 16.4 percent. This was due in large part to due to the restructuring of refuse charges, an increase in building permit revenues, and use of insurance proceeds.

The General Fund is the chief operating fund of the Village. At April 30, 2011, unreserved fund balance in the General Fund was \$2,153,277, which represents 94.6 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance in the General Fund represents approximately 52.5 percent of total General Fund expenditures.

The Debt Service Fund reported an increase of \$323,905, or 14.1%. The fund balance of \$1,057,646 is reserved for future debt service payments.

During the fiscal year a General Obligation Limited Bond was issued and the proceeds were reported in the Capital Projects Fund, resulting in ending fund balance of \$450,576. Proceeds from the bond are earmarked for capital improvements. The total proceeds from the bond must be spent within three years of issuance. During the current year \$144,288 was spent, the balance to be used during fiscal year 2012.

All other governmental funds of the Village are reported as nonmajor funds, including the Sewer Service Fund, Motor Fuel Tax Fund, and E-911 Fund. The Sewer Service Fund reported a deficit of \$217,120 due to the budgeted sewer lining project. The Motor Fuel Tax Fund reported an increase of \$75,247 due to the Village not expending any monies for capital outlay in the current year. The E-911 Fund reported an increase of \$18,857 due to a slight decrease in expenditures in the current year.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis April 30, 2011

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Waterworks System Fund as a major proprietary fund that account for the provision of water services to the residents of the Village. In the current year, the Waterworks System Fund reported a surplus of \$107,781 as a result of an increase in water rates and a decrease in personnel expense resulting from the reorganization of the Public Works and Water Departments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village Board made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$4,306,402, compared to budgeted revenues of \$4,108,010. The primary difference between budgeted and actual revenues for the year was total taxes being approximately \$99,000 higher than budget along with actual revenues higher in the Licenses and Permit and Miscellaneous revenue areas.

The General Fund actual expenditures for the year were \$4,100,017, with budgeted expenditures of \$4,138,070. Total expenditures were under budget across many of the General Fund departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2011 was \$8,246,503 (net of accumulated depreciation). This investment in capital assets includes land and right of way, building and improvements, machinery and equipment, and sanitary and sewer system.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and Right of Way	\$ 169,931	169,931	38,648	38,648	208,579	208,579
Buildings and Improvements	1,247,895	1,217,682	5,611,252	5,755,385	6,859,147	6,973,067
Machinery and Equipment	303,446	349,445	253,367	270,603	556,813	620,048
Sanitary and Sewer System	621,964	522,060	-	-	621,964	522,060
Total	2,343,236	2,259,118	5,903,267	6,064,636	8,246,503	8,323,754

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis April 30, 2011

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Capital Assets – Continued

This year's major additions included:

Village Hall Parking Lot	\$	25,934
Police Evidence Room		29,549
Police Bathroom		16,977
2010 Crown Victoria Police Squad Car		23,537
(2) Squad Car Computers		13,245
Sewer Lining Improvements		224,058
Meter Upgrades		<u>33,427</u>
		<u>366,727</u>

Additional information on the Village's capital assets can be found in note 3 on pages 34 - 35 of this report.

Debt Administration

At year-end, the Village had total outstanding debt of \$7,541,174 as compared to \$7,388,212 the previous year, an increase of 2.1 percent due to the issuance of \$593,000 General Obligation Limited Bonds. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 3,553,000	3,275,000	3,988,174	4,112,099	7,541,174	7,387,099
Notes Payable	-	1,113	-	-	-	1,113
Total	<u>3,553,000</u>	<u>3,276,113</u>	<u>3,988,174</u>	<u>4,112,099</u>	<u>7,541,174</u>	<u>7,388,212</u>

State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt limit for the Village is \$35,584,253.

Additional information on the Village's long-term debt can be found in Note 3 on pages 36 - 39 of this report.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis

April 30, 2011

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The downturn in the economy has affected the Village most notably in the slowdown of building permits and housing sales that in turn generate building permits.

Furthermore, the slumping economy has caused a sharp decline in interest rates and interest earnings. Until the economy improves, interest rates are expected to remain flat.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Village Manager, Village of Kenilworth, 419 Richmond Road, Kenilworth, IL 60043.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds
 - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Net Assets

April 30, 2011

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Net Assets
April 30, 2011

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 3,686,666	95,812	3,782,478
Receivables - Net of Allowances			
Property Taxes	2,123,854	-	2,123,854
Accounts	344,004	225,388	569,392
Internal Balances	600,091	(600,091)	-
Prepays	123,338	216	123,554
Total Current Assets	6,877,953	(278,675)	6,599,278
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	169,931	38,648	208,579
Depreciable Capital Assets	4,013,754	8,484,885	12,498,639
Accumulated Depreciation	(1,840,449)	(2,620,266)	(4,460,715)
	2,343,236	5,903,267	8,246,503
Other Assets			
Net Pension Asset	60,566	-	60,566
Deferred Charges	28,881	62,534	91,415
Total Noncurrent Assets	2,432,683	5,965,801	8,398,484
Total Assets	9,310,636	5,687,126	14,997,762

The notes to the financial statements are an integral part of this statement.

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	171,333	19,319	190,652
Accrued Interest	50,147	69,524	119,671
Deposits Payable	232,735	3,245	235,980
Unearned/Deferred Revenues	1,722,936	-	1,722,936
Current Portion of Long-Term Debt	949,612	140,712	1,090,324
Total Current Liabilities	<u>3,126,763</u>	<u>232,800</u>	<u>3,359,563</u>
Noncurrent Liabilities			
Compensated Absences Payable	126,446	22,849	149,295
Net Other Post-Employment Benefit Obligation Payable	7,165	-	7,165
General Obligation Bonds Payable - Net	2,635,000	3,853,174	6,488,174
Total Noncurrent Liabilities	<u>2,768,611</u>	<u>3,876,023</u>	<u>6,644,634</u>
Total Liabilities	<u>5,895,374</u>	<u>4,108,823</u>	<u>10,004,197</u>
NET ASSETS			
Invested in Capital Assets -			
Net of Related Debt	(761,052)	1,915,093	1,154,041
Restricted - Debt Service	1,007,499	-	1,007,499
Restricted - Capital Projects	1,864	-	1,864
Restricted - Public Safety	218,965	-	218,965
Restricted - Public Works	216,938	-	216,938
Restricted - Highways and Streets	530,209	-	530,209
Unrestricted	2,200,839	(336,790)	1,864,049
Total Net Assets	<u>3,415,262</u>	<u>1,578,303</u>	<u>4,993,565</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Activities
Year Ended April 30, 2011

	Expenses	Program Revenues	
		Charges for Services	Operating Grants/Contributions
Governmental Activities			
General Government	\$ 561,991	534,475	-
Public Works	707,728	653,044	73,925
Public Safety	2,451,186	143,027	3,985
Highways and Streets	499,633	-	-
Culture and Recreation	33,033	35,624	-
Interest on Long-Term Debt	141,203	-	-
Total Governmental Activities	4,394,774	1,366,170	77,910
Business-Type Activities			
Waterworks System	923,402	1,030,811	-
	5,318,176	2,396,981	77,910
		General Revenues	
		Taxes	
		Property Taxes	
		Replacement Taxes	
		State Income Taxes	
		State Sales Taxes	
		Utility Taxes	
		Other	
		Interest Income	
		Miscellaneous	
		Change in Net Assets	
		Net Assets - Beginning	
		Net Assets - Ending	

The notes to the financial statements are an integral part of this statement.

Net Expense/Revenue		
Governmental Activities	Primary Business-Type Activities	Total
(27,516)	-	(27,516)
19,241	-	19,241
(2,304,174)	-	(2,304,174)
(499,633)	-	(499,633)
2,591	-	2,591
(141,203)	-	(141,203)
(2,950,694)	-	(2,950,694)
-	107,409	107,409
(2,950,694)	107,409	(2,843,285)
3,137,611	-	3,137,611
35,723	-	35,723
197,312	-	197,312
36,649	-	36,649
294,555	-	294,555
47,701	-	47,701
13,965	372	14,337
107,422	-	107,422
3,870,938	372	3,871,310
920,244	107,781	1,028,025
2,495,018	1,470,522	3,965,540
3,415,262	1,578,303	4,993,565

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

Balance Sheet - Governmental Funds
April 30, 2011

	<u>General</u>
ASSETS	
Cash and Investments	\$ 1,564,053
Receivables - Net of Allowances	
Property Taxes	1,459,500
Accounts	285,533
Due from Other Funds	389,086
Prepays	<u>123,338</u>
 Total Assets	 <u><u>3,821,510</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	100,529
Deposits Payable	232,735
Due to Other Funds	-
Due to Other Governments	27,361
Unearned/Deferred Revenues	<u>1,184,270</u>
Total Liabilities	<u>1,544,895</u>
 Fund Balances	
Reserved - Prepays	123,338
Reserved - Debt Service	-
Reserved - Capital Projects	-
Reserved - Public Safety	-
Reserved - Public Works	-
Reserved - Highways and Streets	-
Unreserved - General	<u>2,153,277</u>
Total Fund Balances	<u>2,276,615</u>
 Total Liabilities and Fund Balances	 <u><u>3,821,510</u></u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
684,335	487,726	950,552	3,686,666
664,354	-	-	2,123,854
-	-	21,853	307,386
433,471	-	-	822,557
-	-	-	123,338
1,782,160	487,726	972,405	7,063,801
-	37,150	6,293	143,972
-	-	-	232,735
185,848	-	-	185,848
-	-	-	27,361
538,666	-	-	1,722,936
724,514	37,150	6,293	2,312,852
-	-	-	123,338
1,057,646	-	-	1,057,646
-	450,576	-	450,576
-	-	218,965	218,965
-	-	216,938	216,938
-	-	530,209	530,209
-	-	-	2,153,277
1,057,646	450,576	966,112	4,750,949
1,782,160	487,726	972,405	7,063,801

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to the
Statement of Net Assets - Governmental Activities**

April 30, 2011

Total Governmental Fund Balances	\$ 4,750,949
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,343,236
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Deferred charges are not considered to represent a financial resource and therefore, are not reported in the funds.	28,881
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A net pension asset is not considered to represent a financial resource and therefore, is not reported in the funds.	60,566
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(158,058)
Net Other Post-Employment Benefit Obligation Payable	(7,165)
General Obligation Bonds Payable	(3,553,000)
Accrued Interest Payable	<u>(50,147)</u>

Net Assets of Governmental Activities	<u><u>3,415,262</u></u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2011**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2011**

	<u>General</u>
Revenues	
Taxes	\$ 2,975,019
Intergovernmental	3,985
Charges for Services	741,554
Licenses and Permits	428,933
Fines and Forfeitures	44,269
Interest Income	5,220
Miscellaneous	107,422
Total Revenues	<u>4,306,402</u>
Expenditures	
Current	
General Government	606,207
Public Works	595,128
Public Safety	2,354,039
Highways and Streets	495,287
Culture and Recreation	32,705
Capital Outlay	16,651
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>4,100,017</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>206,385</u>
Other Financing Sources (Uses)	
Disposal of Capital Assets	10,434
Debt Issuance	-
Transfers In	75,423
Transfers Out	-
	<u>85,857</u>
Net Change in Fund Balances	292,242
Fund Balances - Beginning	<u>1,984,373</u>
Fund Balances - Ending	<u><u>2,276,615</u></u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
774,532	-	-	3,749,551
-	-	73,925	77,910
-	-	151,414	892,968
-	-	-	428,933
-	-	-	44,269
1,924	1,864	4,957	13,965
-	-	-	107,422
776,456	1,864	230,296	5,315,018
-	-	-	606,207
-	-	24,329	619,457
-	-	27,321	2,381,360
-	-	-	495,287
-	-	-	32,705
-	144,288	226,239	387,178
315,000	-	-	315,000
137,551	-	-	137,551
452,551	144,288	277,889	4,974,745
323,905	(142,424)	(47,593)	340,273
-	-	-	10,434
-	593,000	-	593,000
-	-	-	75,423
-	-	(75,423)	(75,423)
-	593,000	(75,423)	603,434
323,905	450,576	(123,016)	943,707
733,741	-	1,089,128	3,807,242
1,057,646	450,576	966,112	4,750,949

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Activities

Year Ended April 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 943,707
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	333,300
Depreciation Expense	(249,182)

The repayment of deferred charges consumes the current financial
resources of the governmental funds. (4,812)

An increase in a net pension asset is not considered to be an increase in a
financial asset of the governmental funds. 118,806

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Reduction of Compensated Absences Payable	59,273
Increase in Net Other Post-Employment Benefit Obligation Payable	(5,121)
Issuance of General Obligation Bonds	(593,000)
Retirement of Notes Payable	1,113
Retirement of General Obligation Bonds	315,000

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds. 1,160

Changes in Net Assets of Governmental Activities	<u>920,244</u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Net Assets - Proprietary Funds
April 30, 2011**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Net Assets - Proprietary Funds
April 30, 2011

	<u>Business-Type Activities Waterworks System</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 95,812
Receivables - Net of Allowances	
Accounts - Billed	120,374
Accounts - Unbilled	105,014
Prepays	<u>216</u>
Total Current Assets	<u>321,416</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	38,648
Depreciable Capital Assets	8,484,885
Accumulated Depreciation	<u>(2,620,266)</u>
	5,903,267
Other Assets	
Deferred Charges	<u>62,534</u>
Total Noncurrent Assets	<u>5,965,801</u>
Total Assets	<u>6,287,217</u>

The notes to the financial statements are an integral part of this statement.

	<u>Business-Type Activities Waterworks System</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 19,319
Accrued Interest	69,524
Deposits Payable	3,245
Due to Other Funds	600,091
Compensated Absences Payable	5,712
General Obligation Bonds Payable	<u>135,000</u>
Total Current Liabilities	<u>832,891</u>
Noncurrent Liabilities	
Compensated Absences Payable	22,849
General Obligation Bonds Payable - Net	<u>3,853,174</u>
Total Noncurrent Liabilities	<u>3,876,023</u>
Total Liabilities	<u>4,708,914</u>
NET ASSETS	
Invested in Capital Assets - Net of Related Debt	1,915,093
Unrestricted	<u>(336,790)</u>
Total Net Assets	<u><u>1,578,303</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds
Year Ended April 30, 2011

	Business-Type Activities
	<u>Waterworks System</u>
Operating Revenues	
Charges for Services	\$ 1,030,811
Operating Expenses	
Operations	546,731
Depreciation and Amortization	<u>206,556</u>
Total Operating Expenses	<u>753,287</u>
Operating Income	<u>277,524</u>
Nonoperating Revenues (Expenses)	
Interest Income	372
Interest and Fiscal Charges	<u>(170,115)</u>
	<u>(169,743)</u>
Change in Net Assets	107,781
Net Assets - Beginning	<u>1,470,522</u>
Net Assets - Ending	<u><u>1,578,303</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
Year Ended April 30, 2011**

	<u>Business-Type Activities</u> <u>Waterworks System</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 984,332
Payments to Employees	(280,252)
Payments to Suppliers	(325,098)
	<u>378,982</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(33,427)
Interest on Capital Debt	(170,115)
Principal on Capital Debt	(130,000)
	<u>(333,542)</u>
Cash Flows from Investing Activities	
Interest Received	<u>372</u>
Net Change in Cash and Cash Equivalents	45,812
Cash and Cash Equivalents - Beginning	<u>50,000</u>
Cash and Cash Equivalents - Ending	<u><u>95,812</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>277,524</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	206,556
(Increase) Decrease in Current Assets	(46,479)
Increase (Decrease) in Current Liabilities	(58,619)
	<u>(58,619)</u>
Net Cash Provided by Operating Activities	<u><u>378,982</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Net Assets - Fiduciary Funds
April 30, 2011**

	<u>Police Pension</u>
ASSETS	
Cash and Cash Equivalents	\$ 693,526
Investments	
U.S. Government Obligations	2,732,514
Mutual Funds	2,232,498
Receivables	
Accrued Interest	<u>25,044</u>
Total Assets	<u>5,683,582</u>
LIABILITIES	
Accounts Payable	1,275
Due to Other Funds	<u>36,618</u>
Total Liabilities	<u>37,893</u>
NET ASSETS	
Net Plan Assets Held in Trust for Pension Benefits	<u><u>5,645,689</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Changes in Net Assets - Fiduciary Funds
Year Ended April 30, 2011

	Pension Trust
Additions	
Contributions - Employer	\$ 352,642
Contributions - Employee	84,217
Total Contributions	<u>436,859</u>
Investment Income	
Interest Income	140,431
Net Change in Fair Value	326,143
	<u>466,574</u>
Less Investment Expenses	(14,680)
Net Investment Income	<u>451,894</u>
Total Additions	<u>888,753</u>
Deductions	
Administration	6,880
Benefits and Refunds	424,687
	<u>431,567</u>
Change in Net Assets	457,186
Net Plan Assets Held in Trust for Pension Benefits	
Beginning	<u>5,188,503</u>
Ending	<u><u>5,645,689</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Kenilworth, Illinois, is a Village in Cook County. The Village is a non home-rule municipality under the 1970 Illinois Constitution. The Village is a municipal corporation governed by an elected board. The Village President and Board of Trustees are elected representatives of the citizens of the Village. The Village's major operations include police and fire safety, highway and street maintenance, building code enforcement, water services and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB Pronouncements. Although the Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Village has chosen not to do so. The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Kenilworth
Blended Component Units:	Police Pension Employees Retirement System

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 39, there are no component units included in the reporting entity.

Blended Component Units – Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Village Board or the component unit provides services entirely to the Village. These component units' funds are blended into those of the Village's by appropriate activity type to compose the primary government presentation.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Blended Component Unit

Police Pension Employees Retirement System

The Village's sworn 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 elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining 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 is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a pension trust fund.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police and fire safety, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's water service is classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Financial Statements – Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public works, public safety, etc.) The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, income taxes, interest income, etc).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

General fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains three nonmajor special revenue funds, the Sewer Service Fund, the Motor Fuel Tax Fund and the E-911 Fund.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Projects Fund is treated as a major fund and accounts for revenues and expenditures relative to the construction of capital improvements.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Village:

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Waterworks System Fund. The Waterworks System Fund accounts for the provision of portable 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 collections.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's police force.

The Village's fiduciary fund is presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net assets.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, income taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Assets are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Prepays

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepays are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, income taxes, and grants. Business-type activities report utility charges as their major receivables.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more and an estimated useful life in excess of two years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Capital Assets – Continued

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	40 – 50 Years
Machinery and Equipment	10 Years
Infrastructure	20 – 50 Years
Waterworks System	40 Years
Sanitary Sewer System	5 – 10 Years
Vehicles	5 – 10 Years

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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 type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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 debt service expenditures.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Unearned/Deferred Revenue

Governmental funds report unearned/deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Fund Equity

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

Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Budget 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 Ordinance to obtain taxpayer comments.

Prior to May 1, the Budget Ordinance is legally enacted through the passage of a budget ordinance. All actual expenditures contained herein have been compared to the annual operating Budget.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

The Board of Trustees may:

By two-thirds vote transfer, within any department, amounts budgeted 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 budgeted amount.

Adopt a supplemental budget 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 budget ordinance.

Management cannot amend the Budget Ordinance. However, expenditures may exceed budgets at the subobject level. Expenditures that exceed individual budgets at the object level must be approved by the Board of Trustees, as outlined above.

The Village does not use the encumbrance method of accounting. Budgetary funds are controlled by an integrated budgetary accounting system, in accordance with various legal requirements which govern the Village.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Debt Service, and Police Pension Funds.

The operating budget is the management control for spending. 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 budget amendments 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 General, Debt Service, Capital Projects, certain Special Revenue, Waterworks System and Police pension 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 and lapse at year end.

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 Service, Capital Projects, Sewer Service, Motor Fuel Tax, E-911, Waterworks and Police Pension Funds.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Each fund type'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.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds. The Village's investment policy limits deposits to financial institutions that are members of the FDIC system are capable of posting collateral for amounts in excess of FDIC insurance.

The deposits and investments of the Pension Fund are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net assets. Pension funds of at least \$5 million that have appointed an investment advisor may, through that investment advisor, invest up to forty-five percent of the plan's net assets in common and preferred stocks that meet specific restrictions.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$3,782,226 and the bank balances totaled \$3,798,478. In addition, the Village has \$252 invested in the Illinois Funds.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy limits its exposure 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. Illinois Funds have an average maturity of less than one year.

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 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, safety of principal, liquidity and rate of return.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the Village's investment policy further limits investment choices to external investment pools. At year-end, the Village's investment in the Illinois Funds is rated AAA by Standard & Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a 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, \$170,933 of the bank balance of deposits was not covered by federal depository or equivalent insurance. The bank had reviewed the balance of deposits on April 25, 2011 and sufficient collateral was held on that date. On April 26, 2011, the Village received a wire transfer of \$235,488 causing the bank balance of deposits to be in excess of federal depository or equivalent. The Village is reviewing collateral balances on a monthly basis.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Custodial Credit Risk – Continued. For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village’s investment policy does not mitigate custodial credit risk for investments. At year-end, the Village’s investment in the Illinois Funds is not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village’s investment in a single issuer. 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. At year-end, the Village had no investments over 5 percent of the total cash and investment portfolio.

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$693,299 and the bank balances totaled \$692,024.

Investments. The Fund has the following investment fair values and maturities:

Investment Instrument	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Bonds	\$ 2,732,514	245,169	2,487,345	-	-
Mutual Funds	2,232,498	2,232,498	-	-	-
Illinois Funds	227	227	-	-	-
	<u>4,965,239</u>	<u>2,477,894</u>	<u>2,487,345</u>	<u>-</u>	<u>-</u>

Interest Rate Risk. The Fund’s investment policy limits its exposure 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. Illinois Funds have an average maturity of less than one year.

It is the policy of the 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 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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk. Besides investing in investment instruments authorized under State Statute, the Fund's investment policy further limits credit risk by primarily investing in U.S. Treasury obligations and other obligations which are rated AA or better by a national rating agency. At year-end, the Fund's investment in the Illinois Funds is rated AAA by Standard & Poor's.

Custodial Credit Risk. The 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 an independent third-party and evidenced by a safekeeping agreement.

The Fund's investment policy mitigates custodial credit risk for investments to an extent by SIPC insurance. At year-end, the Fund's investment in the Illinois Funds is not subject to custodial credit risk.

Concentration Risk. The Fund's investment policy requires diversification of investments to avoid unreasonable risk. At year-end, the Fund has over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Vanguard Develop Market Index Mutual Fund of \$362,314 and Vanguard 500 Index Mutual Fund of \$795,919.

The following are the target allocation percentages under the policy:

Investment	Minimum	Maximum
Direct U.S. Treasury Securities (Includes STRIPS, CUBES)	0 %	100 %
Interest Investments, CDs	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 Rates "A" or Better	0	20

PROPERTY TAXES

Property taxes for 2010 attach as an enforceable lien on January 1, 2010, 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 are payable in two installments, on or about March 1, 2011, and September 1, 2011. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 2% of the tax levy, to reflect actual collection experience.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land and Right of Way	\$ 169,931	-	-	169,931
Depreciable Capital Assets				
Buildings and Improvements	1,679,055	72,460	-	1,751,515
Machinery and Equipment	908,085	36,782	54,872	889,995
Sanitary and Sewer System	1,148,186	224,058	-	1,372,244
	<u>3,735,326</u>	<u>333,300</u>	<u>54,872</u>	<u>4,013,754</u>
Less Accumulated Depreciation				
Buildings and Improvements	461,373	42,247	-	503,620
Machinery and Equipment	558,640	82,781	54,872	586,549
Sanitary and Sewer System	626,126	124,154	-	750,280
	<u>1,646,139</u>	<u>249,182</u>	<u>54,872</u>	<u>1,840,449</u>
Total Net Depreciable Capital Assets	<u>2,089,187</u>	<u>84,118</u>	<u>-</u>	<u>2,173,305</u>
Total Net Capital Assets	<u>2,259,118</u>	<u>84,118</u>	<u>-</u>	<u>2,343,236</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 1,921
Public Works	50,874
Public Safety	<u>196,387</u>
	<u>249,182</u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land and Right of Way	\$ 38,648	-	-	38,648
Depreciable Capital Assets				
Building	8,020,562	33,427	-	8,053,989
Machinery and Equipment	430,896	-	-	430,896
	<u>8,451,458</u>	<u>33,427</u>	<u>-</u>	<u>8,484,885</u>
Less Accumulated Depreciation				
Building	2,265,177	177,560	-	2,442,737
Machinery and Equipment	160,293	17,236	-	177,529
	<u>2,425,470</u>	<u>194,796</u>	<u>-</u>	<u>2,620,266</u>
Total Net Depreciable Capital Assets	<u>6,025,988</u>	<u>(161,369)</u>	<u>-</u>	<u>5,864,619</u>
Total Net Capital Assets	<u><u>6,064,636</u></u>	<u><u>(161,369)</u></u>	<u><u>-</u></u>	<u><u>5,903,267</u></u>

Depreciation expense was charged to business-type as follows:

Waterworks System	<u>\$ 194,796</u>
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INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 185,848
General	Waterworks System	166,620
General	Police Pension	36,618
Debt Service	Waterworks System	<u>433,471</u>
		<u><u>822,557</u></u>

Interfund balances are advances in anticipation of receipts.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

Interfund Transfers

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental	\$ <u>75,423</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LONG-TERM DEBT

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. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation (Alternate Revenue Source) Refunding Bonds of 2006B - Due in annual installments of \$110,000 to \$290,000 plus interest at 3.90% to 4.20% through December 1, 2030.	Waterworks	\$ 4,185,000	-	130,000	4,055,000
General Obligation Refunding Bonds of 2007 - Due in annual installments of \$180,000 to \$415,000 plus interest at 3.60% to 3.90% through December 1, 2018.	Debt Service	3,275,000	-	315,000	2,960,000
General Obligation Limited Bonds of 2010 - Due in one installment of \$593,000 plus interest at 0.85% on December 1, 2011.	Debt Service	-	593,000	-	593,000
		<u>7,460,000</u>	<u>593,000</u>	<u>445,000</u>	<u>7,608,000</u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 217,331	59,273	118,546	158,058	31,612
Net Pension Obligation (Asset)	58,240	-	118,806	(60,566)	-
General Obligation Bonds	3,275,000	593,000	315,000	3,553,000	918,000
Notes Payable	1,113	-	1,113	-	-
Net Other Post-Employment Benefit Obligation	2,044	5,121	-	7,165	-
	<u>3,553,728</u>	<u>657,394</u>	<u>553,465</u>	<u>3,657,657</u>	<u>949,612</u>
Business-Type Activities					
Compensated Absences	34,978	6,418	12,835	28,561	5,712
General Obligation Bonds	4,185,000	-	130,000	4,055,000	135,000
Less: Accounting Loss on Refunding Bonds	(76,523)	6,377	-	(70,146)	-
Plus: Unamortized Bond Premium	3,622	-	302	3,320	-
	<u>4,147,077</u>	<u>12,795</u>	<u>143,137</u>	<u>4,016,735</u>	<u>140,712</u>

Compensated absences for governmental activities are generally liquidated by the General Fund, while compensated absences for the business-type activities are liquidated by the Waterworks System Fund. The Debt Service and Waterworks System Funds make payments on the general obligation bonds.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year Ending April 30,	Governmental Activities		Business-Type Activities	
	General		General	
	Obligation Bonds		Obligation Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 918,000	118,392	135,000	165,518
2013	340,000	100,098	140,000	160,253
2014	350,000	87,688	145,000	154,793
2015	365,000	74,738	155,000	149,138
2016	375,000	61,050	160,000	142,938
2017	390,000	46,800	165,000	136,538
2018	400,000	31,785	170,000	129,938
2019	415,000	16,185	180,000	123,138
2020	-	-	185,000	115,938
2021	-	-	195,000	108,538
2022	-	-	200,000	100,640
2023	-	-	210,000	92,540
2024	-	-	220,000	83,930
2025	-	-	225,000	74,910
2026	-	-	235,000	65,573
2027	-	-	245,000	55,820
2028	-	-	255,000	45,653
2029	-	-	265,000	35,070
2030	-	-	280,000	23,940
2031	-	-	290,000	12,180
	<u>3,553,000</u>	<u>536,736</u>	<u>4,055,000</u>	<u>1,976,986</u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

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".

Assessed Valuation - 2009	<u>\$ 412,571,054</u>
Bonded Debt Limit - 8.625% of Assessed Value	35,584,253
Amount of Debt Applicable to Limit	<u>3,553,000</u>
Legal Debt Margin	<u>32,031,253</u>

Defeased Debt

On August 15, 2006 the Village issued \$4,655,000 General Obligation (Alternate Revenue Source) Bonds of 2006B to advance refund the General Obligation (Alternate Revenue Source) Bonds of 2002. The proceeds from the 2006B issue have been deposited into an irrevocable trust to provide for all future debt service payments on \$4,460,000 of the General Obligation (Alternate Revenue Source) Bonds of 2002. As a result, the refunded portion of the bonds is considered defeased and the escrowed assets and liability for the bonds have been removed from these financial statements. The Village advance refunded the General Obligation (Alternate Revenue Source) Bonds to extend the debt service maturities. At April 30, 2011, \$3,410,000 of the General Obligation (Alternate Revenue Source) Bonds of 2002 remained to be paid out of escrow.

On January 15, 2007 the Village issued \$3,765,000 General Obligation (Alternate Revenue Source) Bonds of 2007 to advance refund the General Obligation (Alternate Revenue Source) Bonds of 1999. The proceeds from the 2007 issue have been deposited into an irrevocable trust to provide for all future debt service payments on \$3,675,000 of the General Obligation (Alternate Revenue Source) Bonds of 1999. As a result, the refunded portion of the bonds is considered defeased and the escrowed assets and liability for the bonds have been removed from these financial statements. The Village advance refunded the General Obligation (Alternate Revenue Source) Bonds to extend the debt service maturities. At April 30, 2011, \$2,665,000 of the General Obligation (Alternate Revenue Source) Bonds of 1999 remained to be paid out of escrow.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET ASSET CLASSIFICATIONS

Investment in capital assets – net of related debt, was comprised of the following as of the fiscal year-end:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 2,343,236
Less Capital Related Debt:	
General Obligation Bonds of 2007	(2,960,000)
General Obligation Limited Bonds of 2010	(593,000)
Unspent Bond Proceeds	<u>448,712</u>
Investment in Capital Assets - Net of Related Debt	<u><u>(761,052)</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	5,903,267
Less Capital Related Debt:	
General Obligation Bonds of 2006B - Net	<u>(3,988,174)</u>
Investment in Capital Assets - Net of Related Debt	<u><u>1,915,093</u></u>

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

Intergovernmental Risk Management Agency (IRMA)

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. These risks are provided for through a limited self-insurance program and private insurance coverage. The Village currently reports all its risk management activities in its self-insurance fund.

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

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts about that level.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Risk Management Agency (IRMA) – Continued

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

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

North Suburban Employee's Benefit Cooperative (NSEBC)

The Village participates in the North Suburban Employee's Benefit Cooperative (NSEBC), an agency of municipalities created to finance and administer health and life insurance benefits for its members. Each municipality appoints one representative to serve on the Board of Directors. The Board determines the general government policies which include approval of the annual budget. For the year ended December 31, 2010, NSEBC had total equity of \$6,190,672. The Village's total payments for the year ended April 30, 2011 were \$333,988.

CONTINGENT LIABILITIES

Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

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.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Solid Waste Agency of Northern Cook County (SWANCC)

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

COMMITMENTS

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

<u>April 30,</u>	<u>Amount</u>
2012	\$ 11,119
2013	12,368
2014	<u>12,699</u>
	<u><u>36,186</u></u>

JOINT VENTURES

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 twenty-three municipalities. SWANCC is a municipal corporation and public body politic established pursuant to the Constitution Act of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended.

SWANCC is empowered to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members. SWANCC is governed by a Board of Directors which consists of one appointed representative 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. Separate audited financial statements are available at 2700 Patriot Blvd., Suite 110, Glenview, Illinois 60026.

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. SWANCC has no power to levy taxes.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Solid Waste Agency of Northern Cook County (SWANCC) – Continued

Revenues of the system consist of: (a) all receipts derived from Solid Waste Disposal Contracts or any other contracts for the disposal of waste; (b) all income derived from the investment of monies; and (c) all income, fees, service charges, and all grants, rents, and receipts derived by SWANCC from the ownership and operation of the system.

SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its 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 in the Contract. Each member is obligated, on a “take or pay” basis, to purchase or in any event to pay for a minimum annual cost of 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 SWANCC of its obligations under this Contract.

The payments required to be made by the Village under this Contract are required to be made solely from revenues to be derived by the Village from the operation of the refuse collection system. The Village is not prohibited by the Contract from using any other funds to make the payments required by the Contract. The Contract shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the joint venture agreement, the Village remitted \$110,972 to SWANCC for the year ended April 30, 2011, which is recorded in the Village’s General Fund.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. Separate reports are issued for the Police Pension Plan and can be obtained by writing the Village at 419 Richmond Road, Kenilworth, Illinois 60043. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer rate for calendar year 2010 was 13.05 percent.

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

At fiscal year-end the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	10
Current Employees	
Vested	6
Nonvested	<u>4</u>
	<u>20</u>

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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 be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

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 when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Significant Investments

At year-end, the Police Pension Fund had over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Vanguard Develop Market Index Mutual Fund of \$362,314 and Vanguard 500 Index Mutual Fund of \$795,919. Information for IMRF is not available.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

Annual Pension Cost and Net Pension Obligation

There was no net pension obligation for the IMRF Plan at year-end. The pension obligation for the Police Pension Plan is as follows:

Annual Required Contribution	\$ 349,846
Interest on the NPO	(3,981)
Adjustment to the ARC	<u>(112,029)</u>
Annual Pension Cost	233,836
Actual Contribution	<u>352,642</u>
Increase in the NPO	(118,806)
NPO Beginning of Year	<u>58,240</u>
NPO (NPA) End of Year	<u><u>(60,566)</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

The Village annual required contribution for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension
Contribution Rates		
Employer	13.05%	31.62%
Employee	4.50%	9.91%
Actuarial Valuation Date	12/31/2008	4/30/2010
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	23 Years
Asset Valuation Method	5-Year Smoothed Market	Market
Actuarial Assumptions		
Investment Rate of Return	7.50% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4% to 10.0%	5.50%
Inflation Rate Included	4.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

The Village’s annual required contribution for the current year and related information for each plan is as follows:

	Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual Pension Cost (APC)	2009	\$ 141,882	\$ 233,991
	2010	132,558	334,498
	2011	136,781	233,836
Actual Contributions	2009	141,882	248,335
	2010	132,558	276,253
	2011	136,781	352,642
Percentage of APC Contributed	2009	100.00%	106.13%
	2010	100.00%	82.59%
	2011	100.00%	150.81%
Net Pension Obligation	2009	-	(14,344)
	2010	-	58,240
	2011	-	(60,566)

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The Village's funded status for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	12/31/10	4/30/2010
Percent Funded	52.20%	56.07%
Accuarial Accrued Liability for Benefits	\$2,544,842	\$9,253,525
Actuarial Value of Assets	\$1,328,467	\$5,188,502
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$1,216,375)	(\$4,065,023)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$1,048,130	\$873,680
Ratio of UAAL to Covered Payroll	116.05%	465.28%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the Village provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's General Fund.

The Village provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans.

All health care benefits are provided through the Village's health insurance plan and HMO plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2011, retirees contributed \$23,010. Active employees do not contribute to the plan in anticipation of future participation in the Village's retiree health care insurance benefit at retirement. Contributions in the plan begin only at retirement.

At April 30, 2011, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	4
Active Employees	<u>22</u>
Total	<u>26</u>
Participating Employers	1

The Village does not currently have a funding policy.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
April 30, 2011**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2011, was calculated as follows:

Annual Required Contribution	\$ 16,853
Interest on the NOPEBO	102
Adjustment to the ARC	<u>(51)</u>
Annual OPEB Cost	16,904
Actual Contribution	<u>11,783</u>
Change in the NOPEBO	5,121
NOPEBO - Beginning of Year	<u>2,044</u>
NOPEBO - End of Year	<u><u>7,165</u></u>

Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	\$ N/A	\$ N/A	N/A	\$ N/A
2010	6,930	4,886	70.51%	2,044
2011	16,904	11,783	69.71%	7,165

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2010, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$	89,954
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)		89,954
Funded Ratio (Actuarial Value of Plan Assets/AAL)		0%
Covered Payroll (Active Plan Members)		N/A
UAAL as a Percentage of Covered Payroll		N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2010 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return, including a 3.0% inflation assumption and an initial annual healthcare cost trend rate of 8.0%, with an ultimate rate of 6.0%. The actuarial value of assets was not determined as the Village has not advanced its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2011, was 29 years.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- **Schedule of Funding Progress and Employer Contributions**
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Other Post-Employment Benefit Plan

- **Budgetary Comparison Schedule**
 - General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF KENILWORTH, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2011**

Funding Progress

Actuarial Valuation Date Dec. 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2005	\$ 2,642,704	\$ 3,374,904	78.30%	\$ 732,200	\$ 793,794	92.24%
2006	2,200,957	2,978,838	73.89%	777,881	914,521	85.06%
2007	2,587,008	3,326,385	77.77%	739,377	977,784	75.62%
2008	2,340,996	3,285,125	71.26%	944,129	1,065,977	88.57%
2009	2,353,531	3,306,657	71.18%	953,126	1,036,419	91.96%
2010	1,328,467	2,544,842	52.20%	1,216,375	1,048,130	116.05%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2006	\$ 103,114	\$ 103,114	100.00%
2007	126,295	126,295	100.00%
2008	129,068	129,068	100.00%
2009	141,882	141,882	100.00%
2010	132,558	132,558	100.00%
2011	136,781	136,781	100.00%

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2011**

Funding Progress

Actuarial Valuation Date Apr. 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2005	\$ 4,777,859	\$ 7,397,573	64.59%	\$ 2,619,714	\$ 709,756	369.10%
2006	5,062,402	7,932,824	63.82%	2,870,422	689,926	416.05%
2007	5,316,386	7,914,378	67.17%	2,597,992	806,884	321.98%
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	4,593,375	8,941,378	51.37%	4,348,003	873,680	497.67%
2010	5,188,502	9,253,525	56.07%	4,065,023	873,680	465.28%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2006	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A
2008	155,007	155,007	100.00%
2009	248,335	233,991	106.13%
2010	276,258	334,498	82.59%
2011	352,642	349,846	100.80%

Note: The actuarial valuations for the years 2005-2006 performed on the plan's net assets were not performed in accordance with GASB Statement No. 25 and 27.

N/A - Not Available

VILLAGE OF KENILWORTH, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2011**

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
Apr. 30,						
2006	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	-	89,954	-	89,954	-	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2006	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A
2008	N/A	N/A	N/A
2009	N/A	N/A	N/A
2010	4,886	6,930	70.51%
2011	11,783	16,853	69.92%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010. Information for prior years is not available. The Village is required to have an actuarial study performed triennially.

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 2,876,010	2,876,010	2,975,019
Intergovernmental	-	-	3,985
Charges for Services	708,800	708,800	741,554
Licenses and Permits	393,200	393,200	428,933
Fines and Forfeitures	58,000	58,000	44,269
Interest Income	8,000	8,000	5,220
Miscellaneous	64,000	64,000	107,422
Total Revenues	4,108,010	4,108,010	4,306,402
Expenditures			
Current			
General Government	584,070	620,570	606,207
Public Works	629,267	613,242	595,128
Public Safety	2,423,927	2,380,977	2,354,039
Highways and Streets	451,565	474,040	495,287
Culture and Recreation	34,424	34,424	32,705
Capital Outlay	14,817	14,817	16,651
Total Expenditures	4,138,070	4,138,070	4,100,017
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,060)	(30,060)	206,385
Other Financing Sources			
Disposal of Capital Assets	4,000	4,000	10,434
Transfers In	75,423	75,423	75,423
	79,423	79,423	85,857
Net Change in Fund Balance	49,363	49,363	292,242
Fund Balance - Beginning			1,984,373
Fund Balance - Ending			2,276,615

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
 - General
 - Debt Service
 - Capital Projects
- Combining Statements – Nonmajor Governmental Special Revenue Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Special Revenue Funds
 - Sewer Service
 - Motor Fuel Tax
 - E-911
- Budgetary Comparison Schedules – Enterprise Fund
 - Waterworks System
- Budgetary Comparison Schedule – Pension Trust Fund
 - Police Pension

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund, a major fund, accounts for all financial resources except those required to be accounted for in another fund.

DEBT SERVICE FUND

The Debt Service Fund, a major fund, accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CAPITAL PROJECTS FUND

The Capital Projects Fund, a major fund, accounts for revenues and expenditures relative to the construction of capital improvements.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Sewer Service Fund

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

Motor Fuel Tax Fund

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.

E-911 Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose. The Village's enterprise fund is a major fund.

Waterworks System Fund

The Waterworks System Fund, a major fund, is used to account for the provision of portable water services to 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.

TRUST AND AGENCY FUND

PENSION TRUST FUND

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 2,284,010	2,284,010	2,363,079
Other Taxes			
Replacement Taxes	33,000	33,000	35,723
State Sales Taxes	35,000	35,000	36,649
State Income Taxes	190,000	190,000	197,312
Local Use Tax	30,000	30,000	35,409
Utility Tax	290,500	290,500	294,555
Vehicle Tax	2,500	2,500	2,020
Miscellaneous Tax	11,000	11,000	10,272
	<u>592,000</u>	<u>592,000</u>	<u>611,940</u>
Total Taxes	<u>2,876,010</u>	<u>2,876,010</u>	<u>2,975,019</u>
Intergovernmental			
Federal Grants	-	-	3,985
Charges for Services			
Ambulance User Fees	16,000	16,000	14,270
Elevator User Fees	-	-	200
Beach Fees	45,000	45,000	35,624
Fire and Burglar Alarm Fees	8,600	8,600	9,861
Special Duty Detail	4,200	4,200	5,490
Waste Collections	530,000	530,000	570,767
Antenna Lease Fee	103,000	103,000	103,638
Miscellaneous Fees	2,000	2,000	1,704
	<u>708,800</u>	<u>708,800</u>	<u>741,554</u>
Total Charges for Services	<u>708,800</u>	<u>708,800</u>	<u>741,554</u>
Licenses and Permits			
Licenses			
Vehicle License	136,000	136,000	130,662
Animal License	5,000	5,000	6,055
	<u>141,000</u>	<u>141,000</u>	<u>136,717</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
Licenses and Permits - Continued			
Permits			
Building	\$ 175,000	175,000	229,313
Parking	50,000	50,000	38,553
Tree Permits	1,200	1,200	700
Filing Fees	2,000	2,000	4,100
Zoning Review	4,000	4,000	6,750
Plan Review	20,000	20,000	12,800
	<u>252,200</u>	<u>252,200</u>	<u>292,216</u>
Total Licenses and Permits	<u>393,200</u>	<u>393,200</u>	<u>428,933</u>
Fines and Forfeitures			
Circuit Court Fees	10,000	10,000	8,101
DUI Fines	1,000	1,000	1,200
Seizure Fines	4,000	4,000	4,315
Village Ordinance Fines	43,000	43,000	30,653
	<u>58,000</u>	<u>58,000</u>	<u>44,269</u>
Total Fines and Forfeitures	<u>58,000</u>	<u>58,000</u>	<u>44,269</u>
Interest Income	<u>8,000</u>	<u>8,000</u>	<u>5,220</u>
Miscellaneous			
Cable Television Franchise Fees	36,000	36,000	40,375
Telephone Franchise Fees	-	-	-
IRMA Insurance Proceeds	-	-	26,389
Other Income	28,000	28,000	40,658
	<u>64,000</u>	<u>64,000</u>	<u>107,422</u>
Total Miscellaneous	<u>64,000</u>	<u>64,000</u>	<u>107,422</u>
Total Revenues	<u>4,108,010</u>	<u>4,108,010</u>	<u>4,306,402</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Personnel			
Salaries			
Regular	\$ 202,939	202,939	206,200
Overtime	2,500	2,500	298
Part-Time	21,784	21,784	19,829
Employee Benefits			
Medical	19,875	19,875	15,918
Dental	1,973	1,973	1,661
Life	679	679	664
Other Benefits	45,135	45,135	44,557
	<u>294,885</u>	<u>294,885</u>	<u>289,127</u>
Contractual Services			
Auditing	16,000	16,000	16,000
J.U.L.I.E. Fees	850	850	1,614
Plan Review and Inspections	12,000	12,000	18,524
Park District Services	4,000	4,000	4,000
Printing and Publishing	7,000	7,000	5,690
Telephone	4,500	4,500	3,340
Cell Phone	1,000	1,000	1,057
Miscellaneous	1,200	1,200	915
Professional Fees	20,385	20,385	15,059
Postage	5,500	5,500	4,658
Dues, Memberships and Subscriptions	8,000	8,000	8,421
Repair and Maintenance - Vehicles/Equipment	500	500	182
	<u>80,935</u>	<u>80,935</u>	<u>79,460</u>
Commodities			
Office Supplies	3,700	3,700	4,007
Other Supplies	1,000	1,000	932
	<u>4,700</u>	<u>4,700</u>	<u>4,939</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Other Expenditures			
Fuel	\$ 800	800	661
Recruitment and Training	1,500	1,500	1,335
Miscellaneous	3,000	3,000	1,357
Auto Allowance	4,800	4,800	4,800
	<u>10,100</u>	<u>10,100</u>	<u>8,153</u>
Total Administrative	<u>390,620</u>	<u>390,620</u>	<u>381,679</u>
Support Services			
Insurance - Liability and Workers' Compensation	136,000	150,000	141,879
Village Attorney	51,400	73,900	75,735
Village Prosecutor	3,850	3,850	3,500
Maintenance of Office Equipment	1,200	1,200	1,904
Internet Service	1,000	1,000	1,510
	<u>193,450</u>	<u>229,950</u>	<u>224,528</u>
Total Support Services	<u>193,450</u>	<u>229,950</u>	<u>224,528</u>
Total General Government	<u>584,070</u>	<u>620,570</u>	<u>606,207</u>
Public Works			
Building and Grounds			
Personnel			
Salaries			
Maintenance	8,259	8,259	8,446
Employee Benefits			
Other Benefits	3,254	3,254	3,333
	<u>11,513</u>	<u>11,513</u>	<u>11,779</u>
Contractual Services			
Outside Maintenance	16,000	16,000	14,750

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
Public Works - Continued			
Building and Grounds - Continued			
Commodities			
Building Repairs - Village Hall	\$ 15,000	15,000	11,500
Building Repairs - Public Works	5,000	5,000	3,490
Maintenance and Other Supplies	2,200	2,200	2,308
Heating, Electric and Water Utilities	-	-	1,763
	<u>22,200</u>	<u>22,200</u>	<u>19,061</u>
Total Building and Grounds	<u>49,713</u>	<u>49,713</u>	<u>45,590</u>
Waste Removal			
Personnel			
Salaries			
Regular	79,173	79,173	81,159
Overtime	1,500	1,500	448
Employee Benefits			
Medical	5,206	5,206	4,699
Dental	567	567	576
Other Benefits	16,708	16,708	16,560
	<u>103,154</u>	<u>103,154</u>	<u>103,442</u>
Contractual Services			
Recycling	12,000	12,000	12,000
Waste Removal - Regular	217,000	217,000	218,760
Waste Removal - Extra	7,000	7,000	6,012
Yard Waste Disposal	155,000	123,000	110,972
Leaf Pickup	8,000	8,000	8,000
Insurance	2,400	2,400	2,121
	<u>401,400</u>	<u>369,400</u>	<u>357,865</u>
Commodities			
Other Supplies	18,000	18,000	15,618
Total Waste Removal	<u>522,554</u>	<u>490,554</u>	<u>476,925</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
Public Works - Continued			
Forestry			
Contractual Services			
Winter Tree Trimming	\$ 15,000	15,000	15,000
Tree Planting Program	-	15,975	15,971
Tree Removal	42,000	42,000	41,642
Total Forestry	57,000	72,975	72,613
Total Public Works	629,267	613,242	595,128
Public Safety			
Police Department			
Personnel			
Salaries			
Regular	1,069,476	1,026,526	1,029,022
Police Pension Contributions	349,846	349,846	352,642
Overtime	85,450	85,450	101,630
Part-Time	51,837	51,837	49,708
Employee Benefits			
Medical	151,160	151,160	132,272
Dental	14,478	14,478	13,074
Life	2,011	2,011	1,927
Other Benefits	51,989	51,989	55,176
Total Personnel	1,776,247	1,733,297	1,735,451
Contractual Services			
Maintenance - Office Equipment	450	450	479
Printing and Publishing	1,000	1,000	602
Telephone	4,000	4,000	2,236
Cell Phone	4,500	4,500	3,689
Criminal Justice Connectivity	5,300	5,300	3,081
Animal Control and Health Official	1,000	1,000	125
Postage	1,000	1,000	686
Dues, Memberships and Subscriptions	23,000	23,000	22,483
Repair and Maintenance - Vehicles/Equipment	20,000	20,000	18,085
Total Contractual Services	60,250	60,250	51,466

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Commodities			
Office Supplies	\$ 2,500	2,500	2,453
Other Supplies	11,000	11,000	8,256
Uniforms	12,000	12,000	6,781
	<u>25,500</u>	<u>25,500</u>	<u>17,490</u>
Other Expenditures			
Fuel	17,000	17,000	16,565
Recruitment and Training	20,000	20,000	9,434
Miscellaneous	1,800	1,800	336
Auto Allowance	4,800	4,800	4,800
Community Service	2,500	2,500	2,659
	<u>46,100</u>	<u>46,100</u>	<u>33,794</u>
Total Police Department	<u>1,908,097</u>	<u>1,865,147</u>	<u>1,838,201</u>
Fire Department			
Personnel			
Salaries			
Regular	11,509	11,509	11,516
Employee Benefits			
Other Benefits	1,606	1,606	1,608
	<u>13,115</u>	<u>13,115</u>	<u>13,124</u>
Contractual Services			
Fire Protection	502,715	502,715	502,714
Total Fire Department	<u>515,830</u>	<u>515,830</u>	<u>515,838</u>
Total Public Safety	<u>2,423,927</u>	<u>2,380,977</u>	<u>2,354,039</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
Highways and Streets			
Street Department			
Personnel			
Salaries			
Regular	\$ 209,944	209,944	214,084
Overtime	8,000	8,000	8,643
Employee Benefits			
Medical	50,812	30,812	33,525
Dental	4,476	4,476	3,022
Life	335	335	241
Other Benefits	36,392	36,392	45,863
	<u>309,959</u>	<u>289,959</u>	<u>305,378</u>
Contractual Services			
Telephone	1,100	1,100	1,292
Cell Phone	1,250	1,250	1,341
Maintenance - Office Equipment	500	500	-
Outside Maintenance	14,000	14,000	10,044
Repair and Maintenance - Vehicles/Equipment	9,000	9,000	10,071
Signs - Traffic and Streets	2,000	2,000	2,404
Equipment Rental	500	500	42
Engineering Services	-	30,000	31,437
Dues, Memberships and Subscriptions	500	500	60
	<u>28,850</u>	<u>58,850</u>	<u>56,691</u>
Commodities			
Office Supplies	400	400	94
Other Supplies	2,000	2,000	1,803
Heating, Electric and Water Utilities	-	6,975	6,797
Maintenance Supplies	5,500	5,500	11,102
Snow Removal Supplies	25,000	25,000	23,323
Uniforms	750	750	600
	<u>33,650</u>	<u>40,625</u>	<u>43,719</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
Street Department - Continued			
Other Expenditures			
Fuel	\$ 9,500	9,500	10,012
Recruitment and Training	500	500	55
Auto Allowance	2,400	2,400	3,400
Miscellaneous Expenditure	-	-	295
	<u>12,400</u>	<u>12,400</u>	<u>13,762</u>
Total Street Department	<u>384,859</u>	<u>401,834</u>	<u>419,550</u>
Street Lighting			
Personnel			
Salaries			
Regular	20,894	20,894	21,025
Overtime	2,000	2,000	1,219
Employee Benefits			
Other Benefits	9,312	9,312	9,138
	<u>32,206</u>	<u>32,206</u>	<u>31,382</u>
Contractual Services			
Repairs and Maintenance	<u>11,500</u>	<u>17,000</u>	<u>16,094</u>
Commodities			
Other Supplies	4,000	4,000	6,586
Heating, Electric and Water Utilities	19,000	19,000	21,675
	<u>23,000</u>	<u>23,000</u>	<u>28,261</u>
Total Street Lighting	<u>66,706</u>	<u>72,206</u>	<u>75,737</u>
Total Highways and Streets	<u>451,565</u>	<u>474,040</u>	<u>495,287</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Beach			
Personnel			
Salaries			
Part-Time	\$ 28,000	28,000	26,246
Employee Benefits			
Other Benefits	2,324	2,324	2,184
	<u>30,324</u>	<u>30,324</u>	<u>28,430</u>
Contractual Services			
Telephone	300	300	264
Miscellaneous	1,000	1,000	1,205
Laboratory Services	600	600	605
	<u>1,900</u>	<u>1,900</u>	<u>2,074</u>
Commodities			
Other Supplies	2,000	2,000	2,201
Other Expenditures			
Recruitment and Training	200	200	-
	<u>34,424</u>	<u>34,424</u>	<u>32,705</u>
Capital Outlay			
General Government			
Software	5,700	5,700	7,102
Computer Equipment	1,000	1,000	996
Office Furniture	500	500	1,030
	<u>7,200</u>	<u>7,200</u>	<u>9,128</u>
Public Works			
Building Improvement and Alterations	-	-	170

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Capital Outlay - Continued			
Public Safety			
Police Department			
Office Furniture	\$ -	-	129
Machinery and Equipment	2,000	2,000	682
Software	500	500	536
Computer Equipment	1,000	1,000	1,332
Total Public Safety	3,500	3,500	2,679
Highways and Streets			
Street Department			
Machinery and Equipment	1,000	1,000	1,477
Computer Equipment	1,000	1,000	1,211
Vehicle	1,117	1,117	-
Total Highways and Streets	3,117	3,117	2,688
Street Lighting			
Cabling, Posts and Lanterns	-	-	1,658
Total Highways and Streets	3,117	3,117	4,346
Culture and Recreation			
Beach			
Machinery and Equipment	1,000	1,000	328
Total Capital Outlay	14,817	14,817	16,651
Total Expenditures	4,138,070	4,138,070	4,100,017

VILLAGE OF KENILWORTH, ILLINOIS

Debt Service Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 448,138	448,138	774,532
Interest Income	2,000	2,000	1,924
Total Revenues	<u>450,138</u>	<u>450,138</u>	<u>776,456</u>
Expenditures			
Debt Service			
Principal Retirement	315,000	315,000	315,000
Interest and Fiscal Charges	123,438	138,438	137,551
Total Expenditures	<u>438,438</u>	<u>453,438</u>	<u>452,551</u>
Net Change in Fund Balance	<u>11,700</u>	<u>(3,300)</u>	323,905
Fund Balance - Beginning			<u>733,741</u>
Fund Balance - Ending			<u>1,057,646</u>

VILLAGE OF KENILWORTH, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Interest Income	\$ -	-	1,864
Expenditures			
Capital Outlay	606,600	591,600	144,288
Excess (Deficiency) of Revenues Over (Under) Expenditures	(606,600)	(591,600)	(142,424)
Other Financing Sources			
Debt Issuance	600,000	600,000	593,000
Net Change in Fund Balance	<u>(6,600)</u>	<u>8,400</u>	450,576
Fund Balance - Beginning			<u>-</u>
Fund Balance - Ending			<u>450,576</u>

VILLAGE OF KENILWORTH, ILLINOIS

Combining Balance Sheet

**Nonmajor Governmental - Special Revenue Funds
April 30, 2011**

	Sewer Service	Motor Fuel Tax	E-911	Totals
ASSETS				
Cash and Investments	\$ 202,514	526,161	221,877	950,552
Receivables - Net of Allowances Accounts	16,055	5,148	650	21,853
Total Assets	218,569	531,309	222,527	972,405
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	1,631	1,100	3,562	6,293
Fund Balances				
Unreserved	216,938	530,209	218,965	966,112
Total Liabilities and Fund Balances	218,569	531,309	222,527	972,405

VILLAGE OF KENILWORTH, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental - Special Revenue Funds
Year Ended April 30, 2011

	Sewer Service	Motor Fuel Tax	E-911	Totals
Revenues				
Intergovernmental	\$ -	73,925	-	73,925
Charges for Services	82,277	-	69,137	151,414
Interest Income	1,591	2,422	944	4,957
Total Revenues	83,868	76,347	70,081	230,296
Expenditures				
Public Works	23,229	1,100	-	24,329
Public Safety	-	-	27,321	27,321
Capital Outlay	226,239	-	-	226,239
Total Expenditures	249,468	1,100	27,321	277,889
Excess (Deficiency) of Revenues Over (Under) Expenditures	(165,600)	75,247	42,760	(47,593)
Other Financing (Uses)				
Transfers Out	(51,520)	-	(23,903)	(75,423)
Net Change in Fund Balances	(217,120)	75,247	18,857	(123,016)
Fund Balances - Beginning	434,058	454,962	200,108	1,089,128
Fund Balances - Ending	216,938	530,209	218,965	966,112

VILLAGE OF KENILWORTH, ILLINOIS

Sewer Service - Special Revenue Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Sewer Charges	\$ 90,500	90,500	82,277
Interest Income	2,000	2,000	1,591
Total Revenues	92,500	92,500	83,868
Expenditures			
Public Works			
Outside Maintenance Services	9,800	9,800	8,183
Repair and Maintenance - Vehicles/Equipment	8,500	8,500	4,402
Engineering	110,285	110,285	6,521
Equipment Rental	500	500	249
Other Supplies	3,000	3,000	344
Maintenance and Construction Supplies	3,000	3,000	2,530
Permit Fee	1,000	1,000	1,000
Capital Outlay	266,000	266,000	226,239
Total Expenditures	402,085	402,085	249,468
Excess (Deficiency) of Revenues Over (Under) Expenditures	(309,585)	(309,585)	(165,600)
Other Financing (Uses)			
Transfers Out	(51,520)	(51,520)	(51,520)
Net Change in Fund Balance	<u>(361,105)</u>	<u>(361,105)</u>	(217,120)
Fund Balance - Beginning			<u>434,058</u>
Fund Balance - Ending			<u><u>216,938</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Allotment	\$ 63,000	63,000	73,925
Interest Income	500	500	2,422
Total Revenues	63,500	63,500	76,347
Expenditures			
Public Works	391,362	391,362	1,100
Net Change in Fund Balance	<u>(327,862)</u>	<u>(327,862)</u>	75,247
Fund Balance - Beginning			<u>454,962</u>
Fund Balance - Ending			<u>530,209</u>

VILLAGE OF KENILWORTH, ILLINOIS

E-911 - Special Revenue Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Surcharge Revenue	\$ 70,100	70,100	69,137
Interest Income	350	350	944
Total Revenues	<u>70,450</u>	<u>70,450</u>	<u>70,081</u>
Expenditures			
Public Safety	<u>72,603</u>	<u>72,603</u>	<u>27,321</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,153)	(2,153)	42,760
Other Financing (Uses)			
Transfers Out	<u>-</u>	<u>-</u>	<u>(23,903)</u>
Net Change in Fund Balance	<u>(2,153)</u>	<u>(2,153)</u>	18,857
Fund Balance - Beginning			<u>200,108</u>
Fund Balance - Ending			<u><u>218,965</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,102,600	1,102,600	1,030,811
Operating Expenses			
Operations			
Personnel	395,294	395,294	388,304
Contractual Services	142,250	142,250	76,146
Commodities	66,600	66,600	72,581
Other Expenses	10,400	10,400	9,700
Depreciation and Amortization	-	-	206,556
Total Operating Expenses	614,544	614,544	753,287
Operating Income	488,056	488,056	277,524
Nonoperating Revenues (Expenses)			
Interest Income	-	-	372
Interest and Fiscal Charges	(171,188)	(171,188)	(170,115)
	(171,188)	(171,188)	(169,743)
Change in Net Assets	316,868	316,868	107,781
Net Assets - Beginning			1,470,522
Net Assets - Ending			1,578,303

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
Operations			
Personnel			
Salaries			
Regular	\$ 270,912	270,912	273,570
Overtime	15,525	15,525	13,100
Compensated Absences	-	-	(6,418)
Employee Benefits			
Medical	44,657	44,657	44,075
Dental	4,181	4,181	4,324
Life	389	389	484
Other Benefits	59,630	59,630	59,169
Total Personnel	395,294	395,294	388,304
Contractual Services			
Village Attorney	6,500	6,500	6,683
Printing and Publishing	1,500	1,500	1,260
Telephone and Internet	14,850	12,850	9,547
Outside Maintenance	5,500	5,500	5,743
Laboratory Services	3,500	3,500	2,824
Professional Services	3,000	3,000	3,351
Postage	2,200	2,200	2,667
Dues, Memberships and Subscriptions	400	400	345
Equipment Rental	300	300	175
Miscellaneous Services	5,000	5,000	4,818
Repairs and Maintenance - Vehicles/Equipment	4,000	4,000	3,772
Repairs and Maintenance - Hydrant/Valve	1,500	1,500	1,317
Repairs and Maintenance	94,000	96,000	33,644
Total Contractual Services	142,250	142,250	76,146

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
Year Ended April 30, 2011**

	Budget		Actual
	Original	Final	
Operations - Continued			
Commodities			
Office Supplies	\$ 500	500	367
Other Supplies	300	300	137
Maintenance Supplies	12,800	12,800	14,665
Heating, Electric and Water Utilities	36,000	36,000	41,112
Uniforms	1,200	1,200	872
Chemicals	14,000	14,000	12,934
Sewer Use Charge	1,800	1,800	2,494
Total Commodities	66,600	66,600	72,581
Other Expenses			
Auto Allowance	2,400	2,400	2,400
Fuel	6,000	6,000	6,692
Recruitment and Training	1,500	1,500	301
Miscellaneous	500	500	307
Total Other Expenses	10,400	10,400	9,700
Depreciation and Amortization	-	-	206,556
Debt Service			
Principal Retirement	130,000	130,000	130,000
Interest Expense	171,188	171,188	170,115
	301,188	301,188	300,115
Less Nonoperating Items			
Debt Service	(301,188)	(301,188)	(300,115)
Total Debt Service	-	-	-
Total Operating Expenses	614,544	614,544	753,287

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in Net Plan Assets - Budget and Actual
Year Ended April 30, 2011

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 349,846	349,846	352,642
Contributions - Employee	90,000	90,000	84,217
Total Contributions	<u>439,846</u>	<u>439,846</u>	<u>436,859</u>
Investment Income			
Interest Income	60,500	60,500	140,431
Net Change in Fair Value	-	-	326,143
	<u>60,500</u>	<u>60,500</u>	<u>466,574</u>
Less Investment Expenses	<u>(18,000)</u>	<u>(18,000)</u>	<u>(14,680)</u>
Net Investment Income	<u>42,500</u>	<u>42,500</u>	<u>451,894</u>
Total Additions	<u>482,346</u>	<u>482,346</u>	<u>888,753</u>
Deductions			
Administration	9,200	9,200	6,880
Benefits and Refunds	392,000	425,520	424,687
Total Deductions	<u>401,200</u>	<u>434,720</u>	<u>431,567</u>
Change in Net Assets	<u>81,146</u>	<u>47,626</u>	457,186
Net Plan Assets Held in Trust for Pension Benefits			
Beginning			<u>5,188,503</u>
Ending			<u>5,645,689</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation (Alternate Revenue Source) Refunding Bonds of 2006B

April 30, 2011

Date of Issue	August 15, 2006
Date of Maturity	December 1, 2030
Authorized Issue	\$4,655,000
Denomination of Bonds	\$5,000
Interest Rates	3.90% - 4.20%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	J P Morgan Trust Company

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2012	\$ 135,000	165,518	300,518	2011	82,759	2011	82,759
2013	140,000	160,253	300,253	2012	80,127	2012	80,126
2014	145,000	154,793	299,793	2013	77,397	2013	77,396
2015	155,000	149,138	304,138	2014	74,569	2014	74,569
2016	160,000	142,938	302,938	2015	71,469	2015	71,469
2017	165,000	136,538	301,538	2016	68,269	2016	68,269
2018	170,000	129,938	299,938	2017	64,969	2017	64,969
2019	180,000	123,138	303,138	2018	61,569	2018	61,569
2020	185,000	115,938	300,938	2019	57,969	2019	57,969
2021	195,000	108,538	303,538	2020	54,269	2020	54,269
2022	200,000	100,640	300,640	2021	50,320	2021	50,320
2023	210,000	92,540	302,540	2022	46,270	2022	46,270
2024	220,000	83,930	303,930	2023	41,965	2023	41,965
2025	225,000	74,910	299,910	2024	37,455	2024	37,455
2026	235,000	65,573	300,573	2025	32,787	2025	32,786
2027	245,000	55,820	300,820	2026	27,910	2026	27,910
2028	255,000	45,653	300,653	2027	22,827	2027	22,826
2029	265,000	35,070	300,070	2028	17,535	2028	17,535
2030	280,000	23,940	303,940	2029	11,970	2029	11,970
2031	290,000	12,180	302,180	2030	6,090	2030	6,090
	<u>4,055,000</u>	<u>1,976,986</u>	<u>6,031,986</u>		<u>988,495</u>		<u>988,491</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2007
April 30, 2011**

Date of Issue	January 15, 2007
Date of Maturity	December 1, 2018
Authorized Issue	\$3,765,000
Denomination of Bonds	\$5,000
Interest Rates	3.60% - 3.90%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	J P Morgan Trust Company

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2012	\$ 325,000	111,798	436,798	2011	55,899	2011	55,899
2013	340,000	100,098	440,098	2012	50,049	2012	50,049
2014	350,000	87,688	437,688	2013	43,844	2013	43,844
2015	365,000	74,738	439,738	2014	37,369	2014	37,369
2016	375,000	61,050	436,050	2015	30,525	2015	30,525
2017	390,000	46,800	436,800	2016	23,400	2016	23,400
2018	400,000	31,785	431,785	2017	15,893	2017	15,892
2019	415,000	16,185	431,185	2018	8,093	2018	8,092
	<u>2,960,000</u>	<u>530,142</u>	<u>3,490,142</u>		<u>265,072</u>		<u>265,070</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

General Obligation Limited Bonds of 2010

April 30, 2011

Date of Issue	August 10, 2010
Date of Maturity	December 1, 2011
Authorized Issue	\$593,000
Denomination of Bonds	\$5,000
Interest Rates	0.850%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	First Bank and Trust

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2012	\$ 593,000	6,594	599,594	2011	4,074	2011	2,520