

Village of Kenilworth



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2004

Selden Fox, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF KENILWORTH

Annual Financial Report

For the Year Ended April 30, 2004

Administrative Offices

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Board of Trustees

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Hester B. McCarthy
Craig A. Miller
Randal B. Nelson
Richard A. Schumacher
James D. Wilson

Barbara Adams – Village Attorney
Peter L. Dyson – Village Treasurer
Max L. Slankard – Village Manager

**Village of Kenilworth
Audit Report
For the Year Ended April 30, 2004**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of Kenilworth
Kenilworth, Illinois

We have audited the general purpose financial statements of the **Village of Kenilworth** as of and for the year ended April 30, 2004, as listed in the accompanying table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village of Kenilworth at April 30, 2004, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules of funding progress for the Village's Illinois Municipal Retirement Fund on page 32 and for the Village's Police Pension Fund on page 33 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

The combining, individual fund, and account group financial statements and schedules listed in the table of contents (pages 34 through 64) are presented for purposes of additional analysis, and are not a required part of the general purpose financial statements of the Village of Kenilworth. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, information as of and for the year ended April 30, 2004 is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the statistical information listed in the table of contents (pages 65 through 75) and, therefore, express no opinion thereon.

Selden Inc, Ltd.

July 1, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

Village of Kenilworth
Combined Balance Sheet - All Fund Types and Account Groups
April 30, 2004

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Assets and Other Debits			
Assets:			
Equity in pooled cash and investments	\$ 1,958,995	\$ 373,891	\$ 382,794
Cash	12,568	76,018	190,624
Investments	-	593,537	-
Investments, restricted	-	-	-
Accounts receivable:			
Property taxes - net of allowance for loss on collections	1,041,830	-	239,527
Water consumers	-	-	-
Sewer maintenance charges	-	4,665	-
Other	107,665	-	-
Restricted asset - insurance deposit	28,985	-	-
Due from other funds	303,512	-	-
Property and equipment, net of accumulated depreciation of \$1,294,221 - Proprietary Fund	-	-	-
Other debits:			
Amount held in Debt Service Funds	-	-	-
Amount to be provided from other sources	-	-	-
Total assets and other debits	\$ 3,453,555	\$ 1,048,111	\$ 812,945
Liabilities, Equity and Other Credits			
Liabilities:			
Accounts payable	\$ 342,253	\$ 10,814	\$ -
Accrued vacation pay	172,636	-	-
Due to other funds	-	-	189,301
Deferred property taxes income	933,683	-	214,643
Customer deposits and other	79,409	-	-
Payable from restricted investments	-	-	-
Interest payable	-	-	5,738
Bonds payable	-	-	212,500
Total liabilities	1,527,981	10,814	622,182
Equity and other credits:			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings:			
Reserved for restricted revenues	-	-	-
Unreserved	-	-	-
Fund balance:			
Reserved for restricted revenue	74,484	-	-
Reserved for debt service	-	-	190,763
Reserved for deferred compensation	-	-	-
Reserved for insurance deposit	28,985	-	-
Unreserved - undesignated	1,822,105	1,037,297	-
Total equity and other credits	1,925,574	1,037,297	190,763
Total liabilities, equity and other credits	\$ 3,453,555	\$ 1,048,111	\$ 812,945

See accompanying notes.

Capital Projects	Proprietary Fund Type Enterprise	Fiduciary Fund Type Expendable Trust	Account Groups		Totals (Memorandum Only)
			General Fixed Assets	General Long-term Debt	
\$ -	\$ 456,382	\$ -	\$ -	\$ -	\$ 3,172,062
-	-	-	-	-	279,210
-	-	882,367	-	-	1,475,904
-	243,200	-	-	-	243,200
-	-	-	-	-	1,281,357
-	86,790	-	-	-	86,790
-	-	-	-	-	4,665
9,097	-	-	-	-	116,762
-	-	-	-	-	28,985
-	-	-	-	-	303,512
-	6,448,706	-	4,023,150	-	10,471,856
-	-	-	-	190,763	190,763
-	-	-	-	4,351,737	4,351,737
<u>\$ 9,097</u>	<u>\$ 7,235,078</u>	<u>\$ 882,367</u>	<u>\$ 4,023,150</u>	<u>\$ 4,542,500</u>	<u>\$ 22,006,803</u>
\$ -	\$ 205,458	\$ -	\$ -	\$ -	\$ 558,525
-	-	-	-	-	172,636
9,097	105,114	-	-	-	303,512
-	-	-	-	-	1,148,326
-	2,752	-	-	-	82,161
-	16,670	-	-	-	16,670
-	-	-	-	-	5,738
-	5,005,000	-	-	4,542,500	9,760,000
<u>9,097</u>	<u>5,334,994</u>	<u>-</u>	<u>-</u>	<u>4,542,500</u>	<u>12,047,568</u>
-	-	-	4,023,150	-	4,023,150
-	692,317	-	-	-	692,317
-	243,200	-	-	-	243,200
-	964,567	-	-	-	964,567
-	-	-	-	-	74,484
-	-	-	-	-	190,763
-	-	882,367	-	-	882,367
-	-	-	-	-	28,985
-	-	-	-	-	2,859,402
-	1,900,084	882,367	4,023,150	-	9,959,235
<u>\$ 9,097</u>	<u>\$ 7,235,078</u>	<u>\$ 882,367</u>	<u>\$ 4,023,150</u>	<u>\$ 4,542,500</u>	<u>\$ 22,006,803</u>

Village of Kenilworth
Combined Statement of Revenues, Expenditures
and Changes in Fund Balance -
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended April 30, 2004

	General	Governmental Special Revenue
Revenues:		
Property taxes	\$ 1,818,175	\$ -
Other taxes	533,989	119,240
Fines	62,502	-
Licenses	56,071	-
Permits	364,554	-
Service charges	248,620	-
Franchise fees	33,413	-
State funds and grants	11,290	71,357
Sewer service charge	-	54,143
Miscellaneous income	30,044	7,945
Total revenues	3,158,658	252,685
Expenditures:		
Current:		
Administrative	540,538	-
Retirement	268,881	-
Support services	119,266	-
Buildings and grounds	45,634	-
Street department	261,575	-
Waste removal	356,767	-
Forestry	45,254	-
Street lighting	42,927	-
Beach	5,928	-
Police department	1,084,646	-
Fire department	384,701	-
Sewer	-	22,846
911 Service	-	25,464
Debt service:		
General obligation bonds	-	-
Interest	-	-
Paying agents' fees and other	-	-
Bond issuance costs	-	-
Total expenditures	3,156,117	48,310
Revenues over (under) expenditures before other financing sources (uses)	2,541	204,375
Other financing sources (uses):		
Bond proceeds	-	-
Operating transfers in (out)	(11,457)	-
Total other financing sources (uses)	(11,457)	-
Revenues and other financing sources over (under) expenditures before other financing uses	(8,916)	204,375
Fund balance, beginning of the year, as restated	1,934,490	832,922
Fund balance, end of the year	\$ 1,925,574	\$ 1,037,297

See accompanying notes.

Fund Types		Fiduciary Fund Type	Totals
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
\$ 435,508	\$ -	\$ -	\$ 2,253,683
-	-	-	653,229
-	-	-	62,502
-	-	-	56,071
-	-	-	364,554
-	-	-	248,620
-	-	-	33,413
-	-	-	82,647
-	-	-	54,143
3,632	18	131,311	172,950
439,140	18	131,311	3,981,812
-	11,475	-	552,013
-	-	-	268,881
-	-	-	119,266
-	-	-	45,634
-	-	-	261,575
-	-	-	356,767
-	-	-	45,254
-	-	-	42,927
-	-	-	5,928
-	-	-	1,084,646
-	-	-	384,701
-	-	-	22,846
-	-	-	25,464
625,000	-	-	625,000
230,641	-	-	230,641
1,300	-	-	1,300
4,900	-	-	4,900
861,841	11,475	-	4,077,743
(422,701)	(11,457)	131,311	(95,931)
425,000	-	-	425,000
-	11,457	-	-
425,000	11,457	-	425,000
2,299	-	131,311	329,069
188,464	-	751,056	3,706,932
\$ 190,763	\$ -	\$ 882,367	\$ 4,036,001

Village of Kenilworth
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual -
General and Debt Service Funds
For the Year Ended April 30, 2004

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Property taxes	\$ 1,886,229	\$ 1,818,175	\$ (68,054)
Other taxes	493,087	533,989	40,902
Fines	62,900	62,502	(398)
Licenses	58,400	56,071	(2,329)
Permits	314,310	364,554	50,244
Service charges	279,201	248,620	(30,581)
Franchise fees	31,000	33,413	2,413
Miscellaneous income	30,000	41,334	11,334
Total revenues	3,155,127	3,158,658	3,531
Expenditures:			
Current:			
Administrative	498,437	540,538	(42,101)
Retirement	295,741	268,881	26,860
Support services	129,210	119,266	9,944
Buildings and grounds	48,940	45,634	3,306
Street department	274,309	261,575	12,734
Waste removal	385,750	356,767	28,983
Forestry	31,500	45,254	(13,754)
Street lighting	53,265	42,927	10,338
Beach	11,520	5,928	5,592
Police department	1,042,162	1,084,646	(42,484)
Fire department	388,882	384,701	4,181
Debt service:			
General obligation bonds	-	-	-
Interest	-	-	-
Paying agent's fees and other	-	-	-
Bond issuance costs	-	-	-
Total expenditures	3,159,716	3,156,117	3,599
Revenues over (under) expenditures before other financing sources (uses)	(4,589)	2,541	7,130
Other financing sources (uses):			
Bond proceeds	-	-	-
Operating transfer out	-	(11,457)	(11,457)
Proceeds from sale of equipment	2,000	-	(2,000)
Total financing sources (uses)	2,000	(11,457)	(13,457)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ (2,589)	(8,916)	\$ (6,327)
Fund balance, beginning of the year, as restated		1,934,490	
Fund balance, end of the year		<u>\$ 1,925,574</u>	

See accompanying notes.

Debt Service Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 420,935	\$ 435,508	\$ 14,573	\$ 2,307,164	\$ 2,253,683	\$ (53,481)
-	-	-	493,087	533,989	40,902
-	-	-	62,900	62,502	(398)
-	-	-	58,400	56,071	(2,329)
-	-	-	314,310	364,554	50,244
-	-	-	279,201	248,620	(30,581)
-	-	-	31,000	33,413	2,413
-	3,632	3,632	30,000	44,966	14,966
<u>420,935</u>	<u>439,140</u>	<u>18,205</u>	<u>3,576,062</u>	<u>3,597,798</u>	<u>21,736</u>
-	-	-	498,437	540,538	(42,101)
-	-	-	295,741	268,881	26,860
-	-	-	129,210	119,266	9,944
-	-	-	48,940	45,634	3,306
-	-	-	274,309	261,575	12,734
-	-	-	385,750	356,767	28,983
-	-	-	31,500	45,254	(13,754)
-	-	-	53,265	42,927	10,338
-	-	-	11,520	5,928	5,592
-	-	-	1,042,162	1,084,646	(42,484)
-	-	-	388,882	384,701	4,181
200,000	625,000	(425,000)	200,000	625,000	(425,000)
220,335	230,641	(10,306)	220,335	230,641	(10,306)
600	1,300	(700)	600	1,300	(700)
-	4,900	(4,900)	-	4,900	(4,900)
<u>420,935</u>	<u>861,841</u>	<u>(440,906)</u>	<u>3,580,651</u>	<u>4,017,958</u>	<u>(437,307)</u>
-	(422,701)	(422,701)	(4,589)	(420,160)	(415,571)
-	425,000	425,000	-	425,000	425,000
-	-	-	-	(11,457)	(11,457)
-	-	-	2,000	-	(2,000)
-	425,000	425,000	2,000	413,543	411,543
\$ -	2,299	\$ 2,299	\$ (2,589)	(6,617)	\$ (4,028)
	<u>188,464</u>			<u>2,122,954</u>	
	<u>\$ 190,763</u>			<u>\$ 2,116,337</u>	

Village of Kenilworth
Statement of Revenues, Expenses and Changes in Retained
Earnings and Contributed Capital - Proprietary Fund Type -
Enterprise (Water Works System Fund)
For the Year Ended April 30, 2004

Operating revenue - service charges	\$ 961,899
Operating expenses:	
Personnel	342,493
Contractual services	39,650
Commodities	36,444
Other expenses	70,872
Capital outlay	14,931
Depreciation	68,224
Total operating expenses	572,614
Operating income	389,285
Nonoperating income - interest	28,730
Nonoperating expense - interest on water revenue bonds	231,909
Net income	186,106
Add depreciation on contributed assets acquired with governmental fund type contributions	16,357
Increase in retained earnings	202,463
Retained earnings, beginning of the year, as restated	1,005,304
Retained earnings, end of the year	\$ 1,207,767
Contributed capital, beginning of the year	\$ 708,674
Deduct depreciation on contributed assets acquired with governmental fund type contributions	(16,357)
Contributed capital, end of the year	\$ 692,317

See accompanying notes.

**Village of Kenilworth
Statement of Cash Flows -
Proprietary Fund Type - Enterprise
(Water Works System Fund)
For the Year Ended April 30, 2004**

Cash flows from operating activities:	
Operating income	\$ 389,285
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	68,224
Changes in:	
Receivables	(26,107)
Accounts payable/customer deposits	<u>(204,266)</u>
Net cash from operating activities	<u>227,136</u>
 Cash flows used in capital and related financing activities:	
Purchase of property and equipment	(2,697,306)
Payment on water revenue bonds	(235,000)
Interest paid on water revenue bonds	<u>(231,909)</u>
Net cash used in capital and related financing activities	<u>(3,164,215)</u>
 Cash flows used in investing activities:	
Interest income from investments	28,730
Purchase of restricted investments	<u>(21,283)</u>
Net cash from investing activities	<u>7,447</u>
Net decrease in cash and cash equivalents	(2,929,632)
 Cash, beginning of the year	<u>3,386,014</u>
 Cash, end of the year	<u>\$ 456,382</u>

See accompanying notes.

**Village of Kenilworth
Notes to the Financial Statements**

I. Summary of Significant Accounting Policies

A. The Reporting Entity

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

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

The accounts of the Village are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Village has the following fund types and account groups:

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

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

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

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

Governmental Funds (cont'd)

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

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

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

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

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

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

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

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

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

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

Proprietary Funds (cont'd)

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

Certain Significant Concentrations – Approximately 96%, or \$950,257, of revenue of the Proprietary Fund is from water service billings charged to Village residents and various other customers.

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

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

Account Groups – The General Fixed Assets Account Group is used to account for fixed assets not accounted for in the Proprietary Fund. The General Long-term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of the Proprietary Fund.

C. Assets, Liabilities and Equity

1. Deposits and Investments

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

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

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

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

1. Deposits and Investments (cont'd)

Statutes authorize the Village to invest in the following:

- Bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States as to principal and interest.
- Bonds, notes, debentures or similar obligations of the United States of America or its agencies.
- Savings accounts, certificates of deposit, time accounts, or other investments constituting direct obligations of a bank as defined by the Illinois Banking Act. Securities legally issuable by savings and loan associations incorporated under the laws of any state of the United States of America. Share accounts and share certificates of a credit union chartered under the laws of the state of Illinois or United States of America, provided the principal office of the credit union is located within the state of Illinois. Short-term discount obligations of the Federal National Mortgage Association (FNMA). Investments may be made only in financial institutions which are insured by either the Federal Deposit Insurance Corporation, or other applicable law for credit unions.
- Short-term obligations (maturing within 180 days of purchase) of corporations with assets exceeding five hundred million dollars (\$500,000,000). Such obligations must be rated, at the time of purchase, at one of the three highest classifications established by at least two standard rating services. This type of obligation is limited to one-third of the Village's funds available for investment, and cannot exceed 10% of the corporation's outstanding obligation.
- Money market mutual funds registered under the Investment Company Act of 1940, which invest only in bonds, notes, certificates of indebtedness, Treasury bills, other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest and agrees to repurchase such obligations. In addition, the Village may also invest in a fund managed, operated and administered by a bank.
- Repurchase agreements of government securities subject to The Government Securities Act of 1986.

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

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

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

1. Deposits and Investments (cont'd)

- The Illinois Funds Money Market Fund and ICMA Retirement Corporation.

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

2. Receivables and Payables

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

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

Property taxes are based on the assessed valuation of the Village's real property as equalized by the state of Illinois. The estimated equalized assessed valuation of real property totaled \$207,107,717 for the calendar year 2003.

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

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

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

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

3. Restricted Investments

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

4. Fixed Assets

Fixed assets used in governmental fund types of the Village are recorded in the General Fixed Assets Account Group at cost, or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, along with other general fixed assets.

The cost of normal maintenance and repairs that do not add to the value of the assets, or materially extend assets' lives, are not included in the General Fixed Assets Account Group.

Property and equipment accounted for in the Proprietary Fund are recorded at cost. Property and equipment donated to Proprietary Fund type operations are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized in the Proprietary Fund as projects are constructed. Interest incurred during the construction phase of Proprietary Fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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

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

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

4. Fixed Assets (cont'd)

Property and equipment are depreciated in the Proprietary Fund using the straight-line method, over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	40 - 50
Equipment	10
Vehicles	5

5. Long-term Obligations

The Village reports long-term debt of governmental funds at face value in the General Long-term Debt Account Group. Certain other governmental fund type obligations not expected to be financed with current available financial resources are also reported in the General Long-term Debt Account Group. Long-term debt and other obligations financed by the Proprietary Fund are reported as liabilities in the appropriate funds.

6. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation benefits. Vacation pay is accrued when earned in the Proprietary Fund, and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure, and a fund liability, of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the General Long-term Debt Account Group.

7. Deferred Property Tax Revenue

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

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

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

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

8. Fund Equity

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

9. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information, and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. Stewardship, Compliance and Accountability

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

- The Budget and Appropriation Ordinance is prepared in tentative form by the Village Manager, reviewed and approved by the Village Board, and is made available for public inspection at least ten days prior to final Board action. A public hearing is held on the tentative Budget and Appropriation Ordinance to obtain taxpayer comments.
- Prior to August 1, the Appropriation Ordinance is legally enacted through the passage of an Appropriation Ordinance. All actual expenditures contained herein have been compared to the annual operating budget, which is the same as the amount appropriated.
- The Board of Trustees may:
 - By two-thirds vote transfer, within any department, amounts appropriated for an object or purpose to another object or purpose. No object or purpose can be reduced below an amount sufficient to provide for all obligations incurred, or to be incurred, against the Appropriation.

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

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

Budgetary Information (cont'd)

- Adopt a supplemental Appropriation Ordinance in an amount not to exceed any additional revenue available, including unappropriated fund balances or amount estimated to be received after adoption of the annual Appropriation Ordinance.

- No other Appropriation can be adopted during the fiscal year, unless approved by a petition signed by fifty (50) percent of the number of individuals who voted for Village President at the last general municipal election, or by a majority of individuals voting on the question in a regular general election or an emergency referendum.

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

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

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except for the Special Revenue Funds and Capital Projects Fund. All annual appropriations lapse at fiscal year end.

Excess of Expenditures Over Appropriations – For the year ended April 30, 2004, expenditures exceeded appropriations in the Illinois Municipal Retirement Fund by \$7,609, and in the Audit Fund by \$1,375. The excess expenditures were funded by available fund balance.

III. Detailed Notes For All Fund Types and Account Groups

A. Deposits and Investments

At year end, the Village's carrying amount of deposits was \$806,460 and the bank balance was \$818,316. Of the bank balance, \$100,000 was covered by Federal Depository Insurance, and the remaining balance of \$718,316 was collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name. There was no cash on hand at April 30, 2004.

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

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

A. Deposits and Investments (cont'd)

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

	Carrying Amount	Market Value
The Illinois Funds Money Market Fund:		
General Fund	\$ 274,936	\$ 274,936
Special Revenue Funds	808,607	808,607
Debt Service Funds	88,781	88,781
Enterprise Fund	2,309,225	2,309,225
ICMA Retirement Corporation – Expendable Trust Fund	882,367	882,367
	\$ 4,363,916	\$ 4,363,916

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

Carrying amount of deposits	\$ 806,460
Carrying amount of investments	4,363,916
Total	\$ 5,170,376
Equity in pooled cash and investments	\$ 3,172,062
Cash	279,210
Investments	1,475,904
Investments – restricted	243,200
Total	\$ 5,170,376

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

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

B. Restricted Investments

Restricted investments are comprised of the following:

Enterprise Fund – restrictions for revenue bonds:	
Operation and maintenance	\$ 70,000
Bond	125,000
Bond reserve	16,000
Depreciation and contingencies	<u>32,200</u>
Total restricted investments	<u>\$ 243,200</u>

C. Fixed Assets

Activity in the General Fixed Assets Account Group for the year ended April 30, 2004 was as follows:

	May 1, 2003	Additions	Deductions	April 30, 2004
Land:				
Village yard	\$ 1,000	\$ -	\$ -	\$ 1,000
Village hall site	49,828	-	-	49,828
Fire station site	40,000	-	-	40,000
Parkways and public parking	79,103	-	-	79,103
Service building	1,757,324	-	-	1,757,324
Office equipment:				
Civic defense equipment	2,730	-	-	2,730
Office furniture and fixtures	420,198	-	-	420,198
Equipment:				
Police department	425,338	38,011	-	463,349
Beach	1,410	-	-	1,410
Street lighting department	10,056	-	-	10,056
Street department	280,634	24,873	-	305,507
Pollution control dam	4,289	-	-	4,289
Sewer department	54,748	-	-	54,748
Sanitary and storm sewer system	<u>833,608</u>	<u>-</u>	<u>-</u>	<u>833,608</u>
Total general fixed assets	<u>\$ 3,960,266</u>	<u>\$ 62,884</u>	<u>\$ -</u>	<u>\$ 4,023,150</u>

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

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

C. Fixed Assets (cont'd)

A summary of changes in property and equipment in the Enterprise Fund (Water Works System Fund) is as follows:

	May 1, 2003	Additions	Deductions	April 30, 2004
Land	\$ 38,648	\$ -	\$ -	\$ 38,648
Breakwater	43,662	-	-	43,662
Source of supply	18,208	-	-	18,208
Water plant structure	986,516	-	-	986,516
Substation structures	2,108	-	-	2,108
Pumping and purification equipment	1,133,708	-	-	1,133,708
Water tower	379,922	-	-	379,922
Mains and hydrants	215,962	-	-	215,962
Meters	23,203	-	-	23,203
General equipment	43,408	-	-	43,408
Autos and trucks	65,333	-	-	65,333
Office furniture and fixtures	5,061	-	-	5,061
Construction in progress	2,089,882	2,697,306	-	4,787,188
	5,045,621	\$ 2,697,306	\$ -	7,742,927
Less accumulated depreciation	1,225,997			1,294,221
	<u>\$ 3,819,624</u>			<u>\$ 6,448,706</u>

D. Interfund Receivables and Payables

The composition of interfund balances as of April 30, 2004 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Funds	\$ 189,301
General Fund	Capital Projects - Series 1999	9,097
General Fund	Enterprise Fund	105,114
		<u>\$ 303,512</u>

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

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

E. Long-term Debt

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

General Obligation Bonds	<u>Outstanding</u>
1999 general obligation bonds (alternate revenue source), original principal \$5,000,000, 4.65 – 5.00%, due annually in amounts ranging from \$210,000 to \$390,000 to 2019	\$ 4,330,000
2003 general obligation bonds (limited refunding), original principal \$425,000, 1.35%, due December 1, 2004	425,000
2002 general obligation bonds (alternate revenue source), original principal \$5,000,000, 2.00 – 4.80%, due annually in amounts ranging from \$180,000 to \$395,000 to 2022	<u>4,825,000</u>
Total general obligation bonds	9,580,000
 Water Revenue Bonds	
1996 water revenue bonds, original principal \$600,000, 4.95%, due \$60,000 annually to 2007	<u>180,000</u>
Total long-term debt	<u>\$ 9,760,000</u>

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

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

E. Long-term Debt (cont'd)

Debt Service Requirements to Maturity

Year Ending April 30,	General Obligation Bonds	Water Revenue Bonds	Total
2005	\$ 1,253,845	\$ 67,425	\$ 1,321,270
2006	817,992	64,455	882,447
2007	809,880	61,485	871,365
2008	811,326	-	811,326
2009	811,882	-	811,882
2010 - 2022	9,391,633	-	9,391,633
	<u>\$ 13,896,558</u>	<u>\$ 193,365</u>	<u>\$ 14,089,923</u>

The amount of interest included in the total debt service requirements, for the general obligation bonds and water revenue bonds, was \$4,316,558 and \$13,365, respectively.

The following represents those long-term liabilities that are not reported as debt of the Proprietary Fund, but are reported in the General Long-term Debt Account Group and the Debt Service Funds:

Payable at May 1, 2003	\$ 4,955,000
Bonds issued	425,000
Bonds retired	<u>(625,000)</u>
Payable at April 30, 2004	<u>\$ 4,755,000</u>

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

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

F. Fund Equity

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

General Fund:	
Police Retirement	\$ 7,926
Liability, Workers' Compensation, and Unemployment Compensation Insurance	66,558
	\$ 74,484
Enterprise Fund – water revenue bond accounts:	
Operation and maintenance	\$ 70,000
Bond	125,000
Bond reserve	16,000
Depreciation and contingencies	32,200
Total water revenue bond accounts	\$ 243,200

Fund balances were restated in the current year to appropriately account for utility billing receivables. The effects of the restatements of fund balances as of May 1, 2003 are as follows:

	General	Sewer Service	Enterprise
Beginning fund balance, as previously reported	\$ 1,939,184	\$ 350,351	\$ 1,860,477
Restatement of utility billing receivables	(4,694)	(15,694)	(146,499)
Beginning fund balance, as restated	\$ 1,934,490	\$ 334,657	\$ 1,713,978

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

IV. Other Information

A. Risk Management

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

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

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

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

At April 30, 2004, the Village has a deposit of \$28,985 representing the Village's members' reserve with IRMA.

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

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

IV. Other Information (cont'd)

B. Joint Ventures

The Village, along with eight other municipalities and governmental entities, is a member of the North Suburban Employee Benefit Cooperative (Cooperative), which administers certain employee benefit programs on a self-funded basis. Claims incurred above a specified amount and in the aggregate will be insured. Each member agency contributes to the Cooperative according to a formula based on the number of employees enrolled. Additional funds, which may be needed, will be assessed against each member to meet self-funded claims, and will be determined periodically by the Cooperative. At April 30, 2002, the Cooperative had excess of liabilities over assets of \$1,071,237 in the health care and dental plan. The Village contributed \$258,485 for the year ended April 30, 2004. Funding of the Cooperative is provided from the governmental and proprietary funds of the Village. The Village does not have a direct financial interest in the Cooperative and, therefore, its investment therein is not reported within the financial statements. Upon dissolution of the Cooperative, or termination by the Village, the assets, if any, that are available shall be divided among the members based on participation units, as defined in the agreement, as a proportionate percentage of all participation units.

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

The Village, along with twenty-two other area municipalities, is a member of the Solid Waste Agency of Northern Cook County (the Agency), a municipal joint action agency, created as of May 2, 1988. As of April 30, 2003, the Agency has approximately \$15,500,000 outstanding in long-term debt used to acquire equipment, and to construct and equip a waste project, to dispose of the municipal waste received from its members, on a site acquired by the Agency. Each member community is obligated under project use agreements to pay its allocable share of project costs, based on a defined formula. Funding of the Agency is provided from the governmental funds of the Village. The Village does not have a direct financial interest in the Agency and, therefore, its investment therein is not reported within the financial statements.

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

C. Subsequent Events

In May 2004, the Village issued \$425,000 of general obligation bonds in order to meet the debt service requirements of the \$5,000,000 general obligation bonds, series 1999.

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

IV. Other Information (cont'd)

D. Pension and Retirement Commitments

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

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

As of April 30, 2003, the annual required contribution of the Village necessary to cover normal cost was calculated to be \$71,578, and the annual required contribution necessary to amortize the unfunded actuarial accrued liability over a period of thirty years was calculated to be \$97,505. It is the Village's policy to fund annual pension cost as accrued. Total contributions to the Police Pension Fund by the Village totaled \$112,461 for the current year. Payroll for employees covered by the Police Pension Plan for the year ended April 30, 2004 was \$596,019 (\$534,102 in 2003), out of a total Village payroll of \$1,609,276.

The actuarial accrued liability and net assets held in trust for pension benefits at April 30, 2003 (date of the most recent actuarial valuation), as reflected in a report prepared by the Illinois Department of Insurance, is presented below:

Actuarial accrued liability:	
Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 4,660,758
Current employees:	
Accumulated employee contributions, including allocated investment earnings)
Employer-financed, vested)
Employer-financed, nonvested) <u>2,162,750</u>
Total actuarial accrued liability	6,823,508
Net assets available for benefits, at the lower of cost or market (cost, \$4,652,020)	<u>4,444,993</u>
Unfunded actuarial accrued liability	\$ <u>2,378,515</u>

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

IV. Other Information (cont'd)

D. Pension and Retirement Commitments (cont'd)

Police Pension Retirement Plan (cont'd)

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

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

Trend information for the three plan years ended April 30, 2001, 2000, and 1999, respectively, is as follows:

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/01	\$ 140,953	98.37 %	\$ 0
04/30/00	90,335	98.24	0
04/30/00	90,335	114.20	0

The April 30, 2001 actuarial valuation was used in determining the 2003 tax levy for Police Pension Fund contribution.

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

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

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

IV. Other Information (cont'd)

D. Pension and Retirement Commitments (cont'd)

Illinois Municipal Retirement Fund (cont'd)

Employees participating in the IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The Village is required to contribute at an actuarially determined rate. The employer rate for the calendar year 2003 was 8.84 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF's Board of Trustees. The IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2003 was 29 years.

For December 31, 2003, the Village's annual pension cost of \$74,520 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include: (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of the IMRF's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999 - 2001 experience study.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information may be found on page 32 of the Village's annual financial report.

Trend information for the three plan years ended December 31, 2003, 2002, and 2001, respectively, is as follows:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 74,520	100 %	\$ 0
12/31/02	68,229	100	0
12/31/01	67,187	100	0

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

IV. Other Information (cont'd)

E. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Village employees, permits them to defer a portion of their salary until future years. Plan members may contribute up to 33-1/3% of annual covered payroll, not to exceed \$13,000. The Village does not contribute any money to the plan. At April 30, 2004, there were eighteen plan members. Plan provisions and contribution requirements are established and may be amended by the Village's Board of Trustees.

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

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

F. Basic Financial Statements for State and Local Governments

In June 1999, the Governmental Accounting Standards Board issued Statement Number 34, entitled *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This statement establishes new financial reporting standards, which will be dramatically different from those presented herein. These standards will include management's discussion and analysis, and government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting in addition to fund financial statements, prepared using the current financial resources measurement focus and the modified accrual basis of accounting (accrual basis of accounting for Proprietary and Fiduciary Fund financial statements). This statement will be effective for the fiscal year ended April 30, 2005, however, earlier application is encouraged.

SUPPLEMENTARY FINANCIAL INFORMATION

**Village of Kenilworth
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2004**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2003	\$ 2,204,097	\$ 2,834,534	\$ 630,437	77.76 %	\$ 842,983	74.79 %
12/31/2002	2,184,574	2,602,346	417,772	83.95	812,254	51.43
12/31/2001	2,898,635	2,923,452	24,817	99.15	793,237	3.13

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

Digest of Changes

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

The principal changes were:

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

See independent auditor's report.

**Village of Kenilworth
Police Pension Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2004**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2003	\$ 4,444,993	\$ 6,823,508	\$ 2,378,515	65.14 %	\$ 534,102	445.33 %
4/30/2002	4,607,495	6,881,422	2,273,927	66.96	556,256	408.79
4/30/2001	4,800,268	6,512,620	1,712,352	73.71	552,521	309.92

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

See independent auditor's report.

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Property taxes:		
General	\$ 1,498,805	\$ 1,467,326
Illinois Municipal Retirement	152,227	142,606
Police Pension	138,668	112,461
Audit	12,250	11,667
Liability Insurance	45,490	45,923
Workers' Compensation Insurance	37,220	36,657
Unemployment Compensation	1,569	1,535
Total property taxes	<u>1,886,229</u>	<u>1,818,175</u>
Other taxes:		
Replacement tax	18,750	22,200
State sales tax	60,000	53,725
State income tax	170,000	150,936
Local use tax	21,137	23,180
Utility taxes	217,000	283,238
Miscellaneous tax	6,200	710
Total other taxes	<u>493,087</u>	<u>533,989</u>
Fines:		
Circuit court fines	18,000	25,039
Village ordinance fines	44,900	37,463
Total fines	<u>62,900</u>	<u>62,502</u>
Licenses:		
Vehicle license	54,000	52,211
Animal license	4,400	3,860
Total licenses	<u>58,400</u>	<u>56,071</u>

(cont'd)

GENERAL FUND

**Village of Kenilworth
General Fund,
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2004**

	Budget	Actual
Revenues (cont'd):		
Permits:		
Building	\$ 203,000	\$ 263,599
Driveway	2,800	541
Electrical	6,750	305
Plumbing	11,700	10,335
Fence	1,200	1,887
Parking	37,860	33,020
Plan Review	51,000	54,867
Total permits	314,310	364,554
Service charges:		
Ambulance user fees	6,000	12,972
Elevator inspections	200	-
Fire and burglar alarm fees	10,000	16,161
Sales of yard waste bags and stickers	9,000	7,816
State highway maintenance	4,751	3,637
Special duty detail	2,500	4,640
Waste collection	131,250	130,909
Antenna lease fee	77,000	71,565
Miscellaneous fees	38,500	920
Total service charges	279,201	248,620
Franchise fees:		
Cable television	24,000	27,372
Telephone	7,000	6,041
Total franchise fees	31,000	33,413
Miscellaneous income:		
Interest income	30,000	9,335
State grants	-	11,290
Other income	-	20,709
Total miscellaneous income	30,000	41,334
Total revenues	3,155,127	3,158,658

(cont'd)

Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2004

	Budget	Actual
Expenditures:		
Administrative:		
Personnel:		
Salaries:		
Regular	\$ 82,666	\$ 106,783
Overtime	900	2,090
Part-time	20,092	19,683
Officials	100	100
Employee benefits:		
Medical	177,168	180,943
Dental	17,461	17,932
Life	2,400	2,031
	<u>300,787</u>	<u>329,562</u>
Contractual services:		
Auditing	12,250	13,625
Plan review and inspection	145,000	145,074
Park District services	4,000	4,000
Printing and publishing	5,200	5,902
Telephone	4,500	4,759
Miscellaneous	1,000	5,894
Postage	3,400	4,784
Dues, membership and subscriptions	2,000	2,977
Repair and maintenance of vehicles and equipment	450	-
Pager service	150	-
	<u>177,950</u>	<u>187,015</u>
Commodities:		
Office supplies	3,700	4,831
Other supplies	-	645
	<u>3,700</u>	<u>5,476</u>

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>
Expenditures (cont'd):		
Administrative (cont'd):		
Other expenses:		
Fuel	\$ 400	\$ 181
Recruitment and training	4,500	1,172
Miscellaneous	2,000	3,335
Auto allowance	3,600	3,600
	<u>10,500</u>	<u>8,288</u>
Capital outlay:		
Machinery and equipment	-	375
Software	4,000	5,772
Computer equipment	1,500	4,050
	<u>5,500</u>	<u>10,197</u>
Total administrative	<u>498,437</u>	<u>540,538</u>
Retirement:		
Illinois Municipal Retirement	154,788	162,397
Police Retirement	140,953	106,484
	<u>295,741</u>	<u>268,881</u>
Total retirement	<u>295,741</u>	<u>268,881</u>
Support services:		
Insurance - liability, and workers' compensation	82,710	76,528
Village attorney	37,000	41,283
Village prosecutor	3,600	-
Maintenance of office equipment	5,000	1,060
Internet service	900	395
	<u>129,210</u>	<u>119,266</u>
Total support services	<u>129,210</u>	<u>119,266</u>
Building and grounds:		
Personnel - maintenance salaries	18,440	18,478
	<u>18,440</u>	<u>18,478</u>
Contractual services - outside maintenance	5,000	9,317
	<u>5,000</u>	<u>9,317</u>

(cont'd)

Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2004

	Budget	Actual
Expenditures (cont'd):		
Building and grounds (cont'd):		
Commodities:		
Building repairs - Village hall	\$ 7,000	\$ 7,032
Building repairs - public works	5,000	1,001
Maintenance and other supplies	1,500	1,524
Heating, electric and water utilities	2,000	92
	15,500	9,649
Capital outlay - building improvements and alterations	10,000	8,190
Total building and grounds	48,940	45,634
Street department:		
Personnel - salaries:		
Regular	163,590	163,688
Overtime	5,000	7,902
	168,590	171,590
Contractual services:		
Telephone	1,250	1,353
Outside maintenance	4,500	1,706
Repair and maintenance of vehicles and equipment	11,000	8,790
Signs - traffic and streets	4,000	2,399
	20,750	14,248
Commodities:		
Office supplies	300	275
Other supplies	4,500	2,077
Maintenance supplies	13,000	22,911
Heating, electric, and water utilities	2,000	-
Uniforms	700	473
	20,500	25,736

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>
Expenditures (cont'd):		
Street department (cont'd):		
Other expenses:		
Auto allowance	\$ 3,600	\$ 3,600
Fuel	3,700	4,281
	<u>7,300</u>	<u>7,881</u>
Capital outlay:		
Machinery and equipment	-	359
Vehicles	-	24,873
Computer equipment	500	-
Street and sidewalk improvement	56,669	16,888
	<u>57,169</u>	<u>-42,120</u>
Total street department	<u>274,309</u>	<u>261,575</u>
Waste removal:		
Personnel - salaries - regular	63,800	64,434
Contractual services:		
Insurance	-	1,823
Recycling	6,000	6,000
Waste removal - regular	98,700	99,700
Waste removal - extra	5,000	2,749
Yard waste disposal	195,000	164,081
Leaf pickup	6,000	6,000
	<u>310,700</u>	<u>280,353</u>
Commodities - other supplies	11,250	11,980
Total waste removal	<u>385,750</u>	<u>356,767</u>

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>
Expenditures (cont'd):		
Forestry:		
Contractual services:		
Tree trimming	\$ 16,000	\$ 19,510
Tree removal	13,500	22,800
Tree planting program	2,000	2,944
Total forestry	<u>31,500</u>	<u>45,254</u>
Street lighting:		
Personnel - salaries - regular	<u>21,065</u>	<u>21,097</u>
Contractual services - repair and maintenance of vehicles and equipment	<u>1,500</u>	<u>267</u>
Commodities:		
Other supplies	3,500	3,378
Heating, electrical, and water utilities	16,500	18,185
	<u>20,000</u>	<u>21,563</u>
Other expenses - fuel	<u>700</u>	<u>-</u>
Capital outlay - cabling, posts and lanterns	<u>10,000</u>	<u>-</u>
Total street lighting	<u>53,265</u>	<u>42,927</u>
Beach:		
Contractual services:		
Printing and publishing	-	1,003
Telephone	220	96
Miscellaneous	11,000	2,623
	<u>11,220</u>	<u>3,722</u>

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>
Expenditures (cont'd):		
Beach (cont'd):		
Commodities - other supplies	\$ 300	\$ 248
Capital outlay - machinery and equipment	-	-1,958
Total beach	<u>11,520</u>	<u>5,928</u>
Police department:		
Personnel - salaries:		
Regular	789,317	799,726
Overtime	55,000	72,803
Special duty detail	2,500	-
Part-time	43,045	41,314
	<u>889,862</u>	<u>913,843</u>
Contractual services:		
Maintenance office equipment	600	837
Printing and publishing	2,200	954
Telephone	12,500	9,793
Cellular service	1,300	1,496
Pager service	900	860
LEADS teletype	6,000	4,016
Animal control and health official	5,000	5,040
Postage	1,000	861
Dues, memberships and subscriptions	14,600	13,529
Repair and maintenance of vehicles and equipment	20,800	19,106
	<u>64,900</u>	<u>56,492</u>
Commodities:		
Office supplies	3,000	1,551
Other supplies	10,000	7,953
Uniforms	15,000	14,746
	<u>28,000</u>	<u>24,250</u>

(cont'd)

**Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>
Expenditures (cont'd):		
Police department (cont'd):		
Other expenses:		
Auto allowance	\$ 3,600	\$ 3,600
Fuel	8,800	8,735
Recruitment and training	24,400	21,909
Community service	2,300	2,400
Miscellaneous	-	4,323
	<u>39,100</u>	<u>40,967</u>
Capital outlay:		
Machinery and equipment	1,500	5,873
Software	1,000	1,311
Computer equipment	1,800	3,899
Vehicles	16,000	38,011
	<u>20,300</u>	<u>49,094</u>
Total police department	<u>1,042,162</u>	<u>1,084,646</u>
Fire department:		
Personnel - salaries - regular	8,682	8,682
Contractual services - fire protection	376,000	376,019
Commodities - fire hydrants	4,200	-
Total fire department	<u>388,882</u>	<u>384,701</u>
Total expenditures	<u>3,159,716</u>	<u>3,156,117</u>
Revenues over (under) expenditures before other financing sources (uses)	<u>(4,589)</u>	<u>2,541</u>

(cont'd)

Village of Kenilworth
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (cont'd)
For the Year Ended April 30, 2004

	<u>Budget</u>	<u>Actual</u>
Other financing sources (uses):		
Operating transfer out	\$ -	\$ (11,457)
Proceeds from sale of equipment	2,000	-
	<u>2,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,000</u>	<u>(11,457)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>\$ (2,589)</u>	<u>(8,916)</u>
Fund balance, beginning of the year, as restated		<u>1,934,490</u>
Fund balance, end of the year		<u>\$ 1,925,574</u>

SPECIAL REVENUE FUNDS

Village of Kenilworth
Special Revenue Funds
Combining Balance Sheet
April 30, 2004

	Sewer Service	Motor Fuel Tax	911 Service	Total
Assets				
Equity in pooled cash and investments	\$ 373,867	\$ -	\$ 24	\$ 373,891
Cash	-	-	76,018	76,018
Investments	-	593,537	-	593,537
Accounts receivable, other	4,665	-	-	4,665
Total assets	\$ 378,532	\$ 593,537	\$ 76,042	\$ 1,048,111
Liabilities and Equity				
Liabilities, accounts payable	\$ 10,177	\$ -	\$ 637	\$ 10,814
Total liabilities	10,177	-	637	10,814
Fund balance - unreserved, undesignated	368,355	593,537	75,405	1,037,297
Total liabilities and equity	\$ 378,532	\$ 593,537	\$ 76,042	\$ 1,048,111

**Village of Kenilworth
Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
April 30, 2004**

	Sewer Service	Motor Fuel Tax	911 Service	Total
Revenues:				
Other taxes	\$ -	\$ -	\$ 119,240	\$ 119,240
State funds and grants	-	71,357	-	71,357
Sewer charges	54,143	-	-	54,143
Miscellaneous - interest income	2,401	5,180	364	7,945
Total revenues	56,544	76,537	119,604	252,685
Expenditures:				
Contractual services:				
Telephone	-	-	11,715	11,715
Outside maintenance services	13,225	-	11,377	24,602
Engineering	4,411	-	-	4,411
Recruitment and training	-	-	348	348
Repairs and maintenance vehicles and equipment	1,283	-	-	1,283
	18,919	-	23,440	42,359
Commodities:				
Other supplies	1,459	-	-	1,459
Maintenance supplies	2,468	-	-	2,468
	3,927	-	-	3,927
Other expenses - miscellaneous	-	-	1,974	1,974
Capital outlay, machinery and equipment	-	-	50	50
Total expenditures	22,846	-	25,464	48,310
Revenues over expenditures	33,698	76,537	94,140	204,375
Fund balance (deficit), beginning of the year, as restated	334,657	517,000	(18,735)	832,922
Fund balance, end of the year	\$ 368,355	\$ 593,537	\$ 75,405	\$ 1,037,297

DEBT SERVICE FUNDS

Village of Kenilworth
Debt Service Funds
Combining Balance Sheet
April 30, 2004

Assets	Alternate Bond and Interest Fund of 1999	Refunding Bond and Interest Fund of 2003
Equity in pooled cash and investments	\$ 193,035	\$ 189,759
Cash	190,624	-
Property taxes receivable - net of allowance for loss on collection	-	239,527
Total assets	\$ 383,659	\$ 429,286
Liabilities and Equity		
Liabilities:		
Deferred income - property taxes	\$ -	\$ 214,643
Interest payable	-	5,738
Bonds payable	-	212,500
Due to other funds	189,301	-
Total liabilities	189,301	432,881
Fund balance (deficit) - reserved for debt service	194,358	(3,595)
Total liabilities and equity	\$ 383,659	\$ 429,286

Total

\$ 382,794
190,624

239,527

\$ 812,945

\$ 214,643
5,738
212,500
189,301

622,182

190,763

\$ 812,945

Village of Kenilworth
Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2004

	Water Works Improvement Bonds June 1, 1992	Sewer Improvement Bonds June 1, 1984
Revenues:		
Property taxes	\$ -	\$ -
General - interest earned	-	-
Total revenues	-	-
Expenditures:		
General obligation bonds	-	-
Interest	-	-
Paying agent's fees and other	-	-
Bond issuance costs	-	-
Total expenditures	-	-
Revenues over (under) expenditures before other financing sources	-	-
Other financing sources, bond proceeds	-	-
Revenues and other financing sources over (under) expenditures	-	-
Fund balance (deficit), beginning of the year	27,635	118,201
Residual equity transfer	(27,635)	(118,201)
Fund balance (deficit), end of the year	\$ -	\$ -

Alternate Bond and Interest Fund of 1999	Refunding Bond and Interest Fund of 2003	Refunding Bond and Interest Fund of 2002	Total	Budget
\$ -	\$ 214,643	\$ 220,865	\$ 435,508	\$ 420,935
3,560	-	72	3,632	-
<u>3,560</u>	<u>214,643</u>	<u>220,937</u>	<u>439,140</u>	<u>420,935</u>
200,000	212,500	212,500	625,000	200,000
220,335	5,738	4,568	230,641	220,335
-	-	1,300	1,300	600
4,900	-	-	4,900	-
<u>425,235</u>	<u>218,238</u>	<u>218,368</u>	<u>861,841</u>	<u>420,935</u>
(421,675)	(3,595)	2,569	(422,701)	\$ -
<u>425,000</u>	<u>-</u>	<u>-</u>	<u>425,000</u>	
3,325	(3,595)	2,569	2,299	
42,750	-	(122)	188,464	
148,283		(2,447)	-	
<u>\$ 194,358</u>	<u>\$ (3,595)</u>	<u>\$ -</u>	<u>\$ 190,763</u>	

CAPITAL PROJECTS FUND

Village of Kenilworth
Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended April 30, 2004

	Series 1999 Project Fund
Revenues - general - interest earned	\$ 18
Expenditures - engineering costs	<u>11,475</u>
Revenues under expenditures before other financing sources	(11,457)
Other financing source - operating transfer in	<u>11,457</u>
Revenues and other financing sources over expenditures	-
Fund balance, beginning of the year	<u>-</u>
Fund balance, end of the year	<u>\$ -</u>

PROPRIETARY FUND

Village of Kenilworth
Water Works System Fund
Statement of Revenues, Expenses -
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended April 30, 2004

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Service charges:		
Metered	\$ 767,000	\$ 829,790
Hydrant	4,200	40
Meter charge	<u>121,500</u>	<u>120,426</u>
	892,700	950,256
Interest income	67,000	28,730
Other income	<u>-</u>	<u>11,643</u>
Total revenues	<u>959,700</u>	<u>990,629</u>
Expenses:		
Operations:		
Personnel:		
Salaries:		
Regular	255,790	264,601
Overtime	11,000	17,896
Employee benefits:		
Medical	46,344	54,240
Dental	4,549	5,370
Life	<u>500</u>	<u>386</u>
	318,183	342,493
Contractual services:		
Village attorney	7,000	25,052
Printing and publishing	1,000	638
Telephone	2,000	2,963
Outside maintenance	3,000	1,780
Miscellaneous	2,000	520
Laboratory	5,300	4,714
Postage	2,500	1,857
Dues, memberships and subscriptions	300	464

(cont'd)

**Village of Kenilworth
Water Works System Fund
Statement of Revenues, Expenses -
Budget (Non-GAAP Budgetary Basis) and Actual (cont'd)
For the Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>
Expenses (cont'd):		
Operations (cont'd):		
Contractual services (cont'd):		
Repair and maintenance of vehicles and equipment	\$ 1,000	\$ 1,662
	<u>24,100</u>	<u>39,650</u>
Commodities:		
Office supplies	250	705
Other supplies	4,000	1,533
Maintenance supplies	2,000	1,419
Heating, electric, and water utilities	20,000	21,632
Uniforms	800	570
Chemicals	10,000	7,004
Sewer use charge	5,500	1,403
Meter supplies	3,000	2,178
	<u>45,550</u>	<u>36,444</u>
Other expenses:		
Auto allowance	3,600	3,600
Fuel for vehicles and equipment	1,200	1,810
Recruitment and training	1,000	605
Paying agent fees and bond issuance costs	500	600
Purchased water	147,944	64,257
	<u>154,244</u>	<u>70,872</u>
Capital outlay:		
Office furniture	-	2,593
Machinery and equipment	-	8,027
Buildings and grounds	-	131
Water mains - repairs	2,000	3,711
Software	-	469
	<u>2,000</u>	<u>14,931</u>

(cont'd)

**Village of Kenilworth
Water Works System Fund
Statement of Revenues, Expenses -
Budget (Non-GAAP Budgetary Basis) and Actual (cont'd)
For the Year Ended April 30, 2004**

	<u>Budget</u>	<u>Actual</u>
Expenses (cont'd):		
Depreciation	\$ -	\$ 68,224
Total operating expenses	<u>544,077</u>	<u>572,614</u>
Debt service - bond interest	<u>233,101</u>	<u>231,909</u>
Total expenses	<u>777,178</u>	<u>804,523</u>
Net income	<u>\$ 182,522</u>	<u>186,106</u>
Add depreciation on contributed assets acquired with governmental fund type contributions		<u>16,357</u>
Increase in retained earnings		<u>\$ 202,463</u>

Village of Kenilworth
Water Works System Fund
Statement of Changes in Equity by Accounts
For the Year Ended April 30, 2004

	Water Fund Account	Operation and Maintenance	Bond
Contributed capital:			
Balance, beginning of the year	\$ 708,674	\$ -	\$ -
Deduct depreciation expense	(16,357)	-	-
Balance, end of the year	<u>\$ 692,317</u>	<u>\$ -</u>	<u>\$ -</u>
Retained earnings:			
Balance, beginning of the year, as restated	<u>\$ 783,387</u>	<u>\$ 55,000</u>	<u>\$ 122,917</u>
Add (deduct):			
Net income	202,463	-	-
Other changes in accounts balance, per bond ordinance	(21,283)	15,000	2,083
	<u>181,180</u>	<u>15,000</u>	<u>2,083</u>
Balance, end of the year	<u>\$ 964,567</u>	<u>\$ 70,000</u>	<u>\$ 125,000</u>

<u>Restricted Accounts</u>				
<u>Bond Reserve</u>	<u>Depreciation and Contingencies</u>	<u>Total Restricted Accounts</u>	<u>Total</u>	
\$ -	\$ -	\$ -	\$ 708,674	(16,357)
\$ -	\$ -	\$ -	\$ 692,317	
\$ 16,000	\$ 28,000	\$ 221,917	\$ 1,005,304	
-	-	-	202,463	
-	4,200	21,283	-	
-	4,200	21,283	202,463	
\$ 16,000	\$ 32,200	\$ 243,200	\$ 1,207,767	

Village of Kenilworth
Water Works System Fund
Schedule of Changes in Fixed Properties
and Accumulated Depreciation
For the Year Ended April 30, 2004

	Properties *		
	Balance May 1, 2003	Additions	Deductions/ Transfers
Land	\$ 38,648	\$ -	\$ -
Breakwater	43,662	-	-
Source of supply	18,208	-	-
Water plant structures	986,516	-	-
Substation structures	2,108	-	-
Pumping and purification equipment	1,133,708	-	-
Water tower	379,922	-	-
Mains and hydrants	215,962	-	-
Meters	23,203	-	-
General equipment	43,408	-	-
Autos and trucks	65,333	-	-
Office furniture and fixtures	5,061	-	-
Construction in progress	2,089,882	2,697,306	-
	<u>\$ 5,045,621</u>	<u>\$ 2,697,306</u>	<u>\$ -</u>

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

Accumulated Depreciation *				
Balance April 30, 2004	Balance May 1, 2003	Additions	Deductions	Balance April 30, 2004
\$ 38,648	\$ -	\$ -	\$ -	\$ -
43,662	43,662	-	-	43,662
18,208	17,590	364	-	17,954
986,516	320,145	19,207	-	339,352
2,108	2,108	-	-	2,108
1,133,708	437,561	25,261	-	462,822
379,922	201,287	7,598	-	208,885
215,962	130,905	4,319	-	135,224
23,203	-	464	-	464
43,408	38,539	2,136	-	40,675
65,333	29,535	8,875	-	38,410
5,061	4,665	-	-	4,665
4,787,188	-	-	-	-
\$ 7,742,927	\$ 1,225,997	\$ 68,224	\$ -	\$ 1,294,221

Village of Kenilworth
Schedule of Water Revenue Bonds and General Obligation
Bonds Payable to Maturity
April 30, 2004

Year Ending April 30,	Water Revenue Bond - 1996			General Obligation Limited Refunding Bonds, Series 2002		
	Principal Payable July 1	Interest Payable		Principal Payable December 1	Interest Payable	
		July 1	January 1		June 1	December 1
2005	\$ 60,000	\$ 4,455	\$ 2,970	\$ 180,000	\$ 109,603	\$ 109,603
2006	60,000	2,970	1,485	185,000	105,913	105,913
2007	60,000	1,485	-	190,000	102,028	102,028
2008	-	-	-	200,000	98,038	98,038
2009	-	-	-	210,000	93,838	93,838
2010	-	-	-	220,000	89,428	89,428
2011	-	-	-	230,000	84,753	84,753
2012	-	-	-	240,000	79,866	79,866
2013	-	-	-	250,000	74,766	74,766
2014	-	-	-	265,000	69,297	69,297
2015	-	-	-	275,000	63,335	63,334
2016	-	-	-	290,000	56,975	56,975
2017	-	-	-	305,000	50,160	50,160
2018	-	-	-	320,000	42,840	42,840
2019	-	-	-	340,000	35,160	35,160
2020	-	-	-	355,000	27,000	27,000
2021	-	-	-	375,000	18,480	18,480
2022	-	-	-	395,000	9,480	9,480
	<u>\$ 180,000</u>	<u>\$ 8,910</u>	<u>\$ 4,455</u>	<u>\$ 4,825,000</u>	<u>\$ 1,210,960</u>	<u>\$ 1,210,959</u>

<u>Principal</u>	<u>Total Interest</u>	<u>Total</u>
\$ 240,000	\$ 226,631	\$ 466,631
245,000	216,281	461,281
250,000	205,541	455,541
200,000	196,076	396,076
210,000	187,676	397,676
220,000	178,856	398,856
230,000	169,506	399,506
240,000	159,732	399,732
250,000	149,532	399,532
265,000	138,594	403,594
275,000	126,669	401,669
290,000	113,950	403,950
305,000	100,320	405,320
320,000	85,680	405,680
340,000	70,320	410,320
355,000	54,000	409,000
375,000	36,960	411,960
395,000	18,960	413,960
<u>\$ 5,005,000</u>	<u>\$ 2,435,284</u>	<u>\$ 7,440,284</u>

FIDUCIARY FUND

**Village of Kenilworth
Fiduciary Fund
Expendable Trust Fund - Deferred Compensation -
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended April 30, 2004**

Revenues:	
Contributions	\$ 59,486
Investment gain	<u>120,786</u>
	180,272
Expense - distributions	<u>(48,961)</u>
Total gain	131,311
Fund balance, beginning of the year	<u>751,056</u>
Fund balance, end of the year	<u>\$ 882,367</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

Village of Kenilworth
General Fixed Assets Account Group
Schedule of General Fixed Assets
April 30, 2004

Assets	
Land	\$ 169,931
Building	1,757,324
Office equipment	422,928
Equipment	839,359
Sanitary and storm sewer system	<u>833,608</u>
Total assets	<u>\$ 4,023,150</u>
 Other Credits	
Investment in general fixed assets from:	
Capital Projects Fund	\$ 2,542,844
Current revenues	<u>1,480,306</u>
Total other credits	<u>\$ 4,023,150</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

**Village of Kenilworth
General Long-term Debt Account Group
Schedule of General Long-term Debt
For the Year Ended April 30, 2004**

Other Debits

Amount held in Debt Service Funds for payment of long-term debt	\$ 190,763
Amount to be provided for the payment of general long-term debt - from other sources	<u>4,351,737</u>
	<u>\$ 4,542,500</u>

Liabilities

General long-term debt payable:	
General obligation bonds dated August 1, 1999	\$ 4,330,000
General obligation limited refunding bonds dated June 1, 2003	<u>212,500</u>
	<u>\$ 4,542,500</u>

Village of Kenilworth
General Long-term Debt Account Group
Schedule of General Obligation Bonds
Payable to Maturity
April 30, 2004

Year Ending April 30,	General Obligation Bonds (Alternate Revenue Source), Series 1999			General Obligation Limited Refunding Bonds, Series 2003		
	Principal Payable December 1	Interest Payable		Principal Payable December 1	Interest Payable	
		June 1	December 1		June 1	December 1
2005	\$ 210,000	\$ 105,517	\$ 105,517	\$ 425,000	\$ 5,737	\$ 2,868
2006	220,000	100,583	100,583	-	-	-
2007	225,000	95,412	95,412	-	-	-
2008	235,000	90,125	90,125	-	-	-
2009	245,000	84,603	84,603	-	-	-
2010	260,000	78,845	78,845	-	-	-
2011	270,000	72,670	72,670	-	-	-
2012	280,000	66,190	66,190	-	-	-
2013	295,000	59,400	59,400	-	-	-
2014	310,000	52,172	52,172	-	-	-
2015	325,000	44,500	44,500	-	-	-
2016	340,000	36,375	36,375	-	-	-
2017	355,000	27,875	27,875	-	-	-
2018	370,000	19,000	19,000	-	-	-
2019	390,000	9,750	9,750	-	-	-
	<u>4,330,000</u>	<u>943,017</u>	<u>943,017</u>	<u>425,000</u>	<u>5,737</u>	<u>2,868</u>
Less amounts held in Debt Service Funds:						
Interest	-	-	-	-	5,737	-
Bonds	-	-	-	212,500	-	-
	<u>\$ 4,330,000</u>	<u>\$ 943,017</u>	<u>\$ 943,017</u>	<u>\$ 212,500</u>	<u>\$ -</u>	<u>\$ 2,868</u>

Principal	Total	
	Interest	Total
\$ 635,000	\$ 219,639	\$ 854,639
220,000	201,166	421,166
225,000	190,824	415,824
235,000	180,250	415,250
245,000	169,206	414,206
260,000	157,690	417,690
270,000	145,340	415,340
280,000	132,380	412,380
295,000	118,800	413,800
310,000	104,344	414,344
325,000	89,000	414,000
340,000	72,750	412,750
355,000	55,750	410,750
370,000	38,000	408,000
390,000	19,500	409,500
4,755,000	1,894,639	6,649,639
-	5,737	5,737
212,500	-	212,500
<u>\$ 4,542,500</u>	<u>\$ 1,888,902</u>	<u>\$ 6,431,402</u>

STATISTICAL INFORMATION

Village of Kenilworth
Schedule of Property Taxes
Receivable - All Funds
April 30, 2004

Tax Year	Estimated Equalized Assessed Value	Total Levy	Uncollected Taxes Amount	Percent	Allowance for Uncollectible Amounts	Net Property Taxes Receivable	Total General Fund
2003	<u>\$207,107,717</u>	<u>\$2,319,851</u>	<u>\$1,304,556</u>	56.23%	\$ 23,199	<u>\$1,281,357</u>	<u>\$1,041,830</u>
Changes in uncollected property taxes:							
						\$1,159,250	\$ 928,095
						2,319,851	1,886,229
						(28,485)	(23,498)
						3,450,616	2,790,826
						<u>(2,169,259)</u>	<u>(1,748,996)</u>
						<u>\$1,281,357</u>	<u>\$1,041,830</u>

See independent auditor's report.

Allocation of Net Property Taxes Receivable

General Fund

Unreserved	Reserved						Debt Service Funds
	Illinois Municipal Retirement	Audit	Liability Insurance	Workers' Compensation Insurance	Unemployment Compensation	Police Pension	
\$ 827,835	\$ 84,102	\$ 6,746	\$ 25,135	\$ 20,602	\$ 843	\$ 76,567	\$ 239,527
\$ 761,060	\$ 70,655	\$ 5,969	\$ 24,510	\$ 19,106	\$ 841	\$ 45,954	\$ 231,155
1,498,805	152,227	12,250	45,490	37,220	1,569	138,668	433,622
(18,714)	(1,935)	(212)	(563)	(454)	(49)	(1,571)	(4,987)
2,241,151	220,947	18,007	69,437	55,872	2,361	183,051	659,790
(1,413,316)	(136,845)	(11,261)	(44,302)	(35,270)	(1,518)	(106,484)	(420,263)
\$ 827,835	\$ 84,102	\$ 6,746	\$ 25,135	\$ 20,602	\$ 843	\$ 76,567	\$ 239,527

**Village of Kenilworth
Schedule of Investments - All Funds
April 30, 2004**

	<u>Interest Rate</u>	<u>Maturity Date</u>
The Illinois Funds Money Market Fund:		
General Fund	Varied	Demand
Special Revenue Funds	Varied	Demand
Debt Service Funds	Varied	Demand
Enterprise Fund	Varied	Demand
International City Managers Association Retirement Corporation - Expendable Trust	Varied	Demand

See independent auditor's report.

<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
\$ 274,936	\$ 274,936	\$ 274,936
808,607	808,607	808,607
88,781	88,781	88,781
2,309,225	2,309,225	2,309,225
<u>882,367</u>	<u>882,367</u>	<u>882,367</u>
<u>\$ 4,363,916</u>	<u>\$ 4,363,916</u>	<u>\$ 4,363,916</u>

**Village of Kenilworth
Statistical Comparison of Property Taxes Levied
and Collected - 1994 to 2003 - All Funds
April 30, 2004**

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Assessed valuation	<u>\$ 207,107,717</u>	<u>\$ 201,075,453</u>	<u>\$ 188,000,895</u>	<u>\$ 146,552,143</u>
Tax rates:				
General Fund	0.7237	0.7326	0.7781	0.9610
Illinois Municipal Retirement Fund	0.0735	0.0680	0.0710	0.0879
Audit Fund	0.0059	0.0057	0.0057	0.0068
Liability Insurance Fund	0.0220	0.0236	0.0202	0.0280
Workers' Compensation Fund	0.0180	0.0184	0.0186	0.0239
Unemployment Compensation Fund	0.0008	0.0008	0.0009	0.0011
Debt Service Funds	0.2094	0.2226	0.2625	0.3468
Police Pension Fund	0.0670	0.0442	0.0552	0.0686
	<u>1.1203</u>	<u>1.1159</u>	<u>1.2122</u>	<u>1.5241</u>
Tax extensions:				
General Fund	\$ 1,498,805	\$ 1,473,018	\$ 1,462,800	\$ 1,408,358
Illinois Municipal Retirement Fund	152,227	136,700	133,500	128,801
Audit Fund	12,250	11,499	10,800	10,000
Liability Insurance Fund	45,490	47,500	38,000	41,000
Workers' Compensation Fund	37,220	36,999	35,000	35,000
Unemployment Compensation Fund	1,569	1,600	1,600	1,600
Debt Service Funds	433,622	447,507	493,568	508,229
Police Pension Fund	138,668	88,900	103,700	100,501
	<u>\$ 2,319,851</u>	<u>\$ 2,243,723</u>	<u>\$ 2,278,968</u>	<u>\$ 2,233,489</u>
Collections	<u>\$ 1,015,295</u>	<u>\$ 2,203,000</u>	<u>\$ 2,280,873</u>	<u>\$ 2,230,241</u>
Percentage of extensions collected	<u>43.77%</u>	<u>98.19%</u>	<u>100.08%</u>	<u>99.85%</u>

The 2003 assessed valuation amount is an estimate.

See independent auditor's report.

Tax Year					
1999	1998	1997	1996	1995	1994
\$ 148,607,445	\$ 144,078,121	\$ 126,843,909	\$ 127,129,206	\$ 125,883,041	\$ 112,933,262
0.9329	0.9509	1.0410	0.9884	0.9626	1.0205
0.0789	0.0845	0.0915	0.0904	0.0898	0.0993
0.0064	0.0064	0.0073	0.0071	0.0070	0.0078
0.0249	0.0286	0.0390	0.0432	0.0477	0.0531
0.0209	0.0229	0.0326	0.0364	0.0413	0.0447
0.0020	0.0021	0.0024	0.0031	0.0032	0.0032
0.0330	0.0770	0.0892	0.0946	0.1043	0.1230
0.0659	0.0634	0.0696	0.0689	0.0697	0.0971
1.1649	1.2358	1.3726	1.3321	1.3256	1.4487
\$ 1,386,241	\$ 1,370,035	\$ 1,320,500	\$ 1,256,542	\$ 1,211,800	\$ 1,152,438
117,300	121,746	116,000	114,924	113,100	112,199
9,500	9,220	9,200	9,026	8,800	8,800
36,999	41,206	49,500	54,919	60,000	59,999
31,000	32,993	41,300	46,275	52,000	50,500
3,000	3,025	3,000	3,941	3,999	3,599
46,930	110,879	113,082	120,314	131,339	138,930
97,900	91,345	88,300	87,592	87,700	109,659
\$ 1,728,870	\$ 1,780,449	\$ 1,740,882	\$ 1,693,533	\$ 1,668,738	\$ 1,636,124
\$ 1,722,287	\$ 1,775,520	\$ 1,736,850	\$ 1,689,066	\$ 1,654,604	\$ 1,632,242
99.62%	99.72%	99.77%	99.74%	99.15%	99.76%

**Village of Kenilworth
Computation of Legal Debt Margin
April 30, 2004**

Estimated equalized assessed valuation	<u>\$ 207,107,717</u>
Statutory debt limitation - 8.625% of assessed valuation	<u>\$ 17,863,041</u>
General bonded debt - general obligation bonds dated:	
August 1, 1999	4,330,000
April 1, 2002	4,825,000
June 1, 2003	<u>425,000</u>
Total bonded debt	<u>9,580,000</u>
Legal debt margin	<u>\$ 8,283,041</u>

See independent auditor's report.

**Village of Kenilworth
 Summary of Revenues by Source -
 General and Special Revenue Funds
 For the Years Ended April 30, 1995 to 2004**

Year	Total	Property Taxes	Other Taxes and Licenses	Permits, Fines and Fees	State Funds and Grants
2004	\$ 3,411,343	\$ 1,818,175	\$ 709,300	\$ 460,469	\$ 82,647
2003	3,342,031	1,779,482	658,381	358,306	183,762
2002	3,138,746	1,748,838	594,611	348,072	69,425
2001	3,271,196	1,710,702	649,015	282,424	85,446
2000	3,052,231	1,660,246	532,319	255,688	168,005
1999	2,745,979	1,629,832	512,851	215,887	52,476
1998	2,655,303	1,601,170	519,813	193,322	55,511
1997	2,580,800	1,557,835	495,501	203,368	56,427
1996	2,401,153	1,494,272	465,447	151,259	56,045
1995	2,319,630	1,473,361	415,819	152,894	53,292

See independent auditor's report.

<u>Interest</u>	<u>Sewer Service Charge</u>	<u>General and Sundry</u>
\$ 17,280	\$ 54,143	\$ 269,329
37,108	59,724	265,268
76,731	49,850	251,219
161,284	52,894	329,431
112,780	63,930	259,263
84,481	54,788	195,664
84,954	51,046	149,487
70,439	42,620	154,610
53,017	34,084	147,029
45,634	34,941	143,689

**Village of Kenilworth
 Summary of Expenditures by Function -
 General and Special Revenue Funds
 For the Years Ended April 30, 1995 to 2004**

Year	Total	General and Administrative	Retirement	Street Department	Street Lighting and Traffic Signal Department	Police Department
2004	\$ 3,204,427	\$ 705,438	\$ 268,881	\$ 261,575	\$ 42,927	\$ 1,084,646
2003	3,397,044	775,126	241,298	329,840	44,099	1,047,674
2002	3,102,771	558,171	249,555	232,514	40,742	1,007,574
2001	2,769,084	529,652	224,768	267,269	44,455	997,349
2000	2,611,179	418,489	227,206	234,905	34,104	960,847
1999	2,589,609	509,831	211,905	271,998	35,511	878,617
1998	2,537,953	545,689	205,101	208,250	33,122	831,222
1997	2,197,223	378,076	207,620	202,166	36,524	778,341
1996	2,223,412	418,607	204,933	216,118	30,493	753,595
1995	2,143,818	370,552	210,526	167,649	29,316	720,837

See independent auditor's report.

911 Service	Fire Department	Waste Removal	Forestry	Bathing Beach	Resurfacing Streets	Sewer
\$ 25,464	\$ 384,701	\$ 356,767	\$ 45,254	\$ 5,928	\$ -	\$ 22,846
183,369	340,252	330,316	33,327	17,683	-	54,060
53,103	315,908	364,595	36,742	17,113	-	226,754
9,532	320,407	317,524	27,640	16,976	-	13,512
10,634	284,128	313,229	26,965	16,630	69,558	14,484
13,106	268,045	307,206	30,858	17,519	30,843	14,170
26,318	264,018	298,482	31,649	15,550	62,554	15,998
13,832	238,276	271,379	25,750	17,138	15,094	13,027
27,407	227,079	242,281	19,765	18,714	43,928	20,492
3,500	224,834	225,409	26,024	16,572	120,636	27,963

