

VILLAGE OF KILDEER, ILLINOIS

ANNUAL FINANCIAL REPORT

APRIL 30, 2009

VILLAGE OF KILDEER, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Trustees
Village of Kildeer, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Village of Kildeer, Illinois as of and for the year ended April 30, 2009, which collectively comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's 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 financial statements are free of 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 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Kildeer, Illinois as of April 30, 2009, and the respective changes in financial position and, where applicable, cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements. The financial information listed as combining and individual fund financial statements and schedules and other supplementary information in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Village of Kildeer, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The information contained in the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on thereon.

A handwritten signature in cursive script that reads "Milburn Cain & Co.".

MILBURN CAIN & CO.
Certified Public Accountants

Gurnee, Illinois
September 22, 2009

VILLAGE OF KILDEER, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Village of Kildeer, Illinois (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at April 30, 2009 by \$32,883,685 (net assets). Unrestricted net assets, which are assets that may be used to meet the Village's ongoing obligations to citizens and creditors, are \$1,760,485 at April 30, 2009.
- The Village's total net assets decreased by \$665,425.
- At April 30, 2009, the Village's governmental funds reported combined ending fund balances of \$1,504,494. This is a decrease of \$109,303 in comparison with the prior year.
- At April 30, 2009, the unreserved and undesignated fund balance for the General Fund was \$619,015, or 15 percent of total General Fund expenditures.
- The Village's total debt for governmental and business-type activities decreased by \$108,633 (6 percent) during the year ended April 30, 2009. The key factor in this decrease was principal payments made on the debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Both perspectives (government-wide and fund level financial statements) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents 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.

The Statement of Activities presents information showing how the Village'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 unpaid salaries).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (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, public safety, and public works and transportation. The business-type activities of the Village include sewer operations.

The government-wide financial statements can be found on pages 9 and 10 of this report.

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 state and 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 three categories: governmental funds, proprietary funds, and fiduciary 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, unlike the government-wide financial statements, 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 a government'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 Village'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 this comparison between governmental funds and governmental activities.

The Village maintains four 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 Fund, Population Impact Fee Fund, Motor Fuel Tax Fund, and Capital Projects Fund, all of which are considered to be major funds.

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

Proprietary funds - The Village maintains one proprietary fund / enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for its sewer operation.

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

The basic proprietary fund financial statements can be found on pages 15 through 17 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

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 20 through 37 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 progress in meeting its obligation to provide as fully adequate as possible services to its citizens.

The Village adopts an annual budget ordinance for its General Fund, Population Impact Fee Fund, and Motor Fuel Tax Fund. A budget comparison statement has been provided for these funds to demonstrate compliance with this budget ordinance.

Required supplementary information can be found on pages 38 through 43 of this report. Other supplemental financial information can be found on page 44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$32,883,685 at April 30, 2009.

By far the largest portion of the Village's net assets (92 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, furniture and fixtures, vehicles, infrastructure, sanitary sewers, and lift stations); less any related debt used to acquire those assets that is still outstanding. 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.

Village of Kildeer's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	4/30/2009	4/30/2008	4/30/2009	4/30/2008	4/30/2009	4/30/2008
Current and Other Assets	\$ 2,385,139	\$ 2,796,519	\$ 1,130,891	\$ 1,040,575	\$ 3,516,030	\$ 3,837,094
Capital Assets	25,994,493	26,445,050	6,017,394	5,968,805	32,011,887	32,413,855
Total Assets	\$ 28,379,632	\$ 29,241,569	\$ 7,148,285	\$ 7,009,380	\$ 35,527,917	\$ 36,250,949
Long-Term Liabilities Outstanding	\$ 1,480,416	\$ 1,579,640	\$ 283,740	\$ 293,149	\$ 1,764,156	\$ 1,872,789
Other Liabilities	861,045	819,258	19,031	9,792	880,076	829,050
Total Liabilities	\$ 2,341,461	\$ 2,398,898	\$ 302,771	\$ 302,941	\$ 2,644,232	\$ 2,701,839
Net Assets:						
Invested in Capital Assets, Net						
of Related Debt	\$ 24,514,077	\$ 24,865,410	\$ 5,733,654	\$ 5,675,656	\$ 30,247,731	\$ 30,541,066
Restricted	837,479	378,733	37,990	37,990	875,469	416,723
Unrestricted	686,615	1,598,528	1,073,870	992,793	1,760,485	2,591,321
Total Net Assets	\$ 26,038,171	\$ 26,842,671	\$ 6,845,514	\$ 6,706,439	\$ 32,883,685	\$ 33,549,110

An additional portion of the Village's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets, which are assets that may be used to meet the Village's ongoing obligations to citizens and creditors, are \$1,760,485 at April 30, 2009.

The Village's net assets decreased by \$665,425 during the year ended April 30, 2009. This decrease is primarily attributable to the Village receiving fewer grants and contributions in the current year.

Village of Kildeer's Change in Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2009	4/30/2008	4/30/2009	4/30/2008	4/30/2009	4/30/2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,840,155	\$ 1,750,808	\$ 582,540	\$ 380,554	\$ 2,422,695	\$ 2,131,362
Operating Grants and Contributions	5,763	32,869	-	-	5,763	32,869
Capital Grants and Contributions	399,592	2,168,745	136,000	-	535,592	2,168,745
General Revenues:						
Property Taxes	633,467	603,095	-	-	633,467	603,095
Other Taxes	1,751,708	1,742,872	-	-	1,751,708	1,742,872
Grants and Contributions not Restricted to Specific Programs	150,000	360,000	-	-	150,000	360,000
Unrestricted Investment Earnings	27,916	81,067	35,988	58,860	63,904	139,927
Other	28,730	276,355	3,010	-	31,740	276,355
Total Revenues	\$ 4,837,331	\$ 7,015,811	\$ 757,538	\$ 439,414	\$ 5,594,869	\$ 7,455,225
Expenses:						
General Government	\$ 871,419	\$ 725,531	\$ -	\$ -	\$ 871,419	\$ 725,531
Public Safety	3,256,162	3,404,562	-	-	3,256,162	3,404,562
Public Works and Transportation	1,389,902	1,856,094	-	-	1,389,902	1,856,094
Unallocated Depreciation	48,466	48,466	-	-	48,466	48,466
Interest and Fees on Long-Term Debt	75,882	88,908	14,299	16,759	90,181	105,667
Sewer	-	-	604,164	398,767	604,164	398,767
Total Expenses	\$ 5,641,831	\$ 6,123,561	\$ 618,463	\$ 415,526	\$ 6,260,294	\$ 6,539,087
Increase/(Decrease) in Net Assets	\$ (804,500)	\$ 892,250	\$ 139,075	\$ 23,888	\$ (665,425)	\$ 916,138
Net Assets - Beginning	26,842,671	19,487,929	6,706,439	-	33,549,110	19,487,929
Net Assets Adjustment	-	6,462,492	-	6,682,551	-	13,145,043
Net Assets - Ending	\$ 26,038,171	\$ 26,842,671	\$ 6,845,514	\$ 6,706,439	\$ 32,883,685	\$ 33,549,110

Governmental activities - Governmental activities decreased the Village's net assets by \$804,500 and was primarily attributable to the Village receiving fewer grants and contributions in the current year.

Business-type activities - Business-type activities increased the Village's net assets by \$139,075 and was primarily attributable to an increase in charges for services and a capital donation of sewer assets, partially offset by an increase in operating expenses.

FINANCIAL ANALYSIS OF THE VILLAGE'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. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

At April 30, 2009, the Village's governmental funds reported combined ending fund balances of \$1,504,494, a decrease of \$109,303 in comparison with the prior year.

The General Fund is the chief operating fund of the Village. At April 30, 2009, unreserved and undesignated fund balance of the General Fund was \$619,015. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total General Fund expenditures. Unreserved fund balance represents 15 percent of total General Fund expenditures.

The fund balance of the Village's General Fund decreased by \$47,084 during the year ended April 30, 2009.

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

Unrestricted and undesignated net assets of the Sewer Fund at the end of the year amounted to \$430,262. The total increase in net assets for the Sewer Fund was \$139,075. Factors concerning the finances of this fund have already been addressed in the discussion of the Village's business-type activities.

GENERAL FUND BUDGET HIGHLIGHTS

The Village did not amend its budget ordinance during the year ended April 30, 2009.

Significant differences between the budget and the actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was \$501,729 (unfavorable) and was primarily due to lower than expected State Sales Tax and Police Fines.
- The difference between budgeted expenditures and actual expenditures was \$136,572 (favorable) and was mostly due to less than expected expenditures for Deer Park Administration.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2009 amounts to \$32,011,888 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, furniture and fixtures, vehicles, infrastructure, sanitary sewers, and lift stations. The total decrease in the Village's investment in capital assets for the year ended April 30, 2009 was 1 percent (a 2 percent decrease for governmental activities and a 1 percent increase for business-type activities).

	Governmental Activities		Business-Type Activities		Total	
	4/30/2009	4/30/2008	4/30/2009	4/30/2008	4/30/2009	4/30/2008
Land	\$ 12,421,752	\$ 12,174,479	\$ -	\$ -	\$ 12,421,752	\$ 12,174,479
Buildings	2,035,579	2,084,045	-	-	2,035,579	2,084,045
Equipment	76,917	86,371	-	-	76,917	86,371
Vehicles	119,684	118,839	-	-	119,684	118,839
Infrastructure	11,340,562	11,981,316	-	-	11,340,562	11,981,316
Sanitary Sewers	-	-	5,611,115	5,557,933	5,611,115	5,557,933
Lift Stations	-	-	406,279	410,872	406,279	410,872
Total	\$ 25,994,494	\$ 26,445,050	\$ 6,017,394	\$ 5,968,805	\$ 32,011,888	\$ 32,413,855

Major capital asset events during the current fiscal year included the following:

- Additions to Land from developer right of way donations of \$247,273
- Additions to Infrastructure from developer road donations of \$152,320.

Additional information on the Village's capital assets can be found in note 4 on pages 28 and 29 of this report.

Long-term debt - At April 30, 2009, the Village had total governmental and business-type activities debt outstanding of \$1,764,156. Of this amount, \$1,612,140 comprises debt backed by the full faith and credit of the Village. The remainder of the Village's debt (\$152,016) represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Village of Kildeer's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	4/30/2009	4/30/2008	4/30/2009	4/30/2008	4/30/2009	4/30/2008
General Obligation Bonds Supplemental Act	\$ 1,476,243	\$ 1,556,970	\$ -	\$ -	\$ 1,476,243	\$ 1,556,970
Assessment Bonds	-	-	152,016	152,016	152,016	152,016
Notes Payable	4,173	22,670	131,724	141,133	135,897	163,803
Total	<u>\$ 1,480,416</u>	<u>\$ 1,579,640</u>	<u>\$ 283,740</u>	<u>\$ 293,149</u>	<u>\$ 1,764,156</u>	<u>\$ 1,872,789</u>

The Village's total debt decreased by \$108,633 (6 percent) during the year ended April 30, 2009. The key factor in this decrease was principal payments made on the debt.

Additional information on the Village's long-term debt can be found in note 7 on pages 33 through 35 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Village does not have any major projects planned for fiscal year 2010.

This factor was considered in preparing the Village's budget for the 2010 fiscal year.

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 Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Village President
 Village of Kildeer
 21911 Quentin Road
 Kildeer, IL, 60047

VILLAGE OF KILDEER, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
APRIL 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 747,885	\$ 137,913	\$ 885,798
Investments, at fair value	527,645	866,909	1,394,554
Receivables (Net of Allowance for Estimated Uncollectible Amounts of \$0)			
Property Taxes	673,578	-	673,578
Accounts	46,994	3,127	50,121
From Other Governmental Units	323,602	-	323,602
Special Assessments	-	121,543	121,543
Interest	651	1,066	1,717
Prepaid Expenses	45,168	333	45,501
Net Pension Asset	19,616	-	19,616
Capital Assets			
Land	12,421,751	-	12,421,751
Other Capital Assets, Net of Depreciation	13,572,742	6,017,394	19,590,136
Total Assets	\$ 28,379,632	\$ 7,148,285	\$ 35,527,917
LIABILITIES			
Accounts Payable	\$ 39,640	\$ 10,571	\$ 50,211
Accrued Payroll	2,596	-	2,596
Accrued Expenses	61,185	8,460	69,645
Due to Other Governmental Units	714	-	714
Sales Tax Rebates	83,332	-	83,332
Deferred Revenue	673,578	-	673,578
Non-Current Liabilities			
Due Within One Year	91,492	9,409	100,901
Due in More Than One Year	1,388,924	274,331	1,663,255
Total Liabilities	\$ 2,341,461	\$ 302,771	\$ 2,644,232
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 24,514,077	\$ 5,733,654	\$ 30,247,731
Restricted for:			
Capital Projects	530,191	-	530,191
DUI Enforcement	15,344	-	15,344
Drug Enforcement	5,303	-	5,303
Squad Cars	5,461	-	5,461
Land Development	56,229	-	56,229
Street Extension	32,856	-	32,856
Highways and Streets	192,095	-	192,095
Capital Sewer Projects	-	37,990	37,990
Unrestricted / (Deficit)	686,615	1,073,870	1,760,485
Total Net Assets	\$ 26,038,171	\$ 6,845,514	\$ 32,883,685

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 871,419	\$ 305,066	\$ -	\$ -
Public Safety	3,256,162	1,535,089	5,763	-
Public Works and Transportation	1,389,902	-	-	399,592
Unallocated Depreciation	48,466	-	-	-
Interest and Fees on Long-Term Debt	75,882	-	-	-
	<u>\$ 5,641,831</u>	<u>\$ 1,840,155</u>	<u>\$ 5,763</u>	<u>\$ 399,592</u>
Business-Type Activities				
Sewer	\$ 604,164	\$ 582,540	\$ -	\$ 136,000
Interest and Fees on Long-Term Debt	14,299	-	-	-
	<u>\$ 618,463</u>	<u>\$ 582,540</u>	<u>\$ -</u>	<u>\$ 136,000</u>
Total Primary Government	<u>\$ 6,260,294</u>	<u>\$ 2,422,695</u>	<u>\$ 5,763</u>	<u>\$ 535,592</u>

General Revenues

Taxes

Property Tax, Levied for General Purposes

State Sales Tax

State Income Tax

State Replacement Tax

State Use Tax

State Motor Fuel Tax

Other Taxes

Grants and Contributions not Restricted to Specific Activities

Unrestricted Investment Earnings

Gain/(Loss) on Sale of Capital Assets

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - May 1, 2008

Net Assets - April 30, 2009

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (566,353)	\$ -	\$ (566,353)
(1,715,310)	-	(1,715,310)
(990,310)	-	(990,310)
(48,466)	-	(48,466)
(75,882)	-	(75,882)
<u>\$ (3,396,321)</u>	<u>\$ -</u>	<u>\$ (3,396,321)</u>
\$ -	\$ 114,376	\$ 114,376
-	(14,299)	(14,299)
<u>\$ -</u>	<u>\$ 100,077</u>	<u>\$ 100,077</u>
\$ (3,396,321)	\$ 100,077	\$ (3,296,244)
\$ 633,467	\$ -	\$ 633,467
1,172,279	-	1,172,279
378,444	-	378,444
1,349	-	1,349
59,548	-	59,548
109,026	-	109,026
31,062	-	31,062
150,000	-	150,000
27,916	35,988	63,904
865	-	865
27,865	3,010	30,875
<u>\$ 2,591,821</u>	<u>\$ 38,998</u>	<u>\$ 2,630,819</u>
\$ (804,500)	\$ 139,075	\$ (665,425)
26,842,671	6,706,439	33,549,110
<u>\$ 26,038,171</u>	<u>\$ 6,845,514</u>	<u>\$ 32,883,685</u>

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2009

	General Fund	Population Impact Fee Fund	Motor Fuel Tax Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 33,942	\$ -	\$ 183,752	\$ 530,191	\$ 747,885
Investments, at fair value	527,645	-	-	-	527,645
Receivables (Net of Allowance for Estimated Uncollectible Amounts of \$0)					
Property Taxes	673,578	-	-	-	673,578
From Other Governmental Units	315,259	-	8,343	-	323,602
Accounts Interest	46,994	-	-	-	46,994
Interest	651	-	-	-	651
Prepaid Expenses	45,168	-	-	-	45,168
	<u>\$ 1,643,237</u>	<u>\$ -</u>	<u>\$ 192,095</u>	<u>\$ 530,191</u>	<u>\$ 2,365,523</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 39,640	\$ -	\$ -	\$ -	\$ 39,640
Payroll Taxes and Withholdings Payable	2,596	-	-	-	2,596
Accrued Expenses	61,169	-	-	-	61,169
Due to Other Governmental Units	714	-	-	-	714
Sales Tax Rebates	83,332	-	-	-	83,332
Deferred Revenue	673,578	-	-	-	673,578
Total Liabilities	<u>\$ 861,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861,029</u>
FUND BALANCES					
Reserved for:					
DUI Enforcement	\$ 15,344	\$ -	\$ -	\$ -	\$ 15,344
Drug Enforcement	5,303	-	-	-	5,303
Squad Cars	5,461	-	-	-	5,461
Land Development	56,229	-	-	-	56,229
Street Extension	32,856	-	-	-	32,856
Unreserved					
Designated for:					
Facility Maintenance	48,000	-	-	-	48,000
Undesignated	619,015	-	192,095	530,191	1,341,301
Total Fund Balances	<u>\$ 782,208</u>	<u>\$ -</u>	<u>\$ 192,095</u>	<u>\$ 530,191</u>	<u>\$ 1,504,494</u>
	<u>\$ 1,643,237</u>	<u>\$ -</u>	<u>\$ 192,095</u>	<u>\$ 530,191</u>	<u>\$ 2,365,523</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 APRIL 30, 2009

Total Fund Balances - Governmental Funds		\$ 1,504,494
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.		
Capital Assets, net of accumulated depreciation		25,994,493
Net Pension Asset is not included in the governmental funds.		
		19,616
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable	\$ (1,480,416)	
Accrued Interest on Long-Term Debt	<u>(16)</u>	
		<u>(1,480,432)</u>
Net Assets of Governmental Activities		<u>\$ 26,038,171</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2009

	General Fund	Population Impact Fee Fund	Motor Fuel Tax Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Local Taxes					
Property Tax	\$ 633,467	\$ -	\$ -	\$ -	\$ 633,467
Intergovernmental					
State Sales Tax	1,172,279	-	-	-	1,172,279
State Income Tax	378,444	-	-	-	378,444
State Replacement Tax	1,349	-	-	-	1,349
State Use Tax	59,548	-	-	-	59,548
State Motor Fuel Tax	-	-	109,026	-	109,026
Telecommunications Tax	31,062	-	-	-	31,062
Grants	5,763	-	-	-	5,763
Other Local Sources					
Vehicle Stickers	59,127	-	-	-	59,127
Other Licenses and Permits	122,160	-	-	-	122,160
Sewer Administration Fees	44,324	-	-	-	44,324
Franchise Fees	67,717	-	-	-	67,717
Annexation Fees	9,000	-	-	-	9,000
Contract Services	1,319,198	-	-	-	1,319,198
Police Fines	215,247	-	-	-	215,247
Population Impact Fees	-	150,000	-	-	150,000
Interest	19,161	-	3,518	5,237	27,916
Miscellaneous					
Books and Copies	2,738	-	-	-	2,738
Hearing and Filing Fees	644	-	-	-	644
Recoveries	18,145	-	-	-	18,145
Utility Recapture	4,352	-	-	-	4,352
Other Miscellaneous	5,368	-	-	-	5,368
Total Revenues	<u>\$ 4,169,093</u>	<u>\$ 150,000</u>	<u>\$ 112,544</u>	<u>\$ 5,237</u>	<u>\$ 4,436,874</u>
EXPENDITURES					
Current					
General Government	\$ 863,694	\$ -	\$ -	\$ -	\$ 863,694
Public Safety	2,684,004	150,000	-	-	2,834,004
Public Works and Transportation	416,828	-	180,000	-	596,828
Capital Outlay	77,609	-	-	-	77,609
Debt Service					
Principal	99,224	-	-	-	99,224
Interest and Fees	82,738	-	-	-	82,738
Total Expenditures	<u>\$ 4,224,097</u>	<u>\$ 150,000</u>	<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ 4,554,097</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (55,004)</u>	<u>\$ -</u>	<u>\$ (67,456)</u>	<u>\$ 5,237</u>	<u>\$ (117,223)</u>
OTHER FINANCING SOURCES/(USES)					
Proceeds from Sale of Fixed Assets	7,920	-	-	-	7,920
NET CHANGE IN FUND BALANCES	<u>\$ (47,084)</u>	<u>\$ -</u>	<u>\$ (67,456)</u>	<u>\$ 5,237</u>	<u>\$ (109,303)</u>
FUND BALANCES - MAY 1, 2008	<u>829,292</u>	<u>-</u>	<u>259,551</u>	<u>524,954</u>	<u>1,613,797</u>
FUND BALANCES - APRIL 30, 2009	<u>\$ 782,208</u>	<u>\$ -</u>	<u>\$ 192,095</u>	<u>\$ 530,191</u>	<u>\$ 1,504,494</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (109,303)

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. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (913,565)	
Capital Outlays	<u>70,471</u>	(843,094)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Proceeds from Sale of Capital Assets	\$ (7,920)	
Gain on Sale of Capital Assets	<u>865</u>	(7,055)

Donated capital assets used in governmental activities are not current financial resources and therefore are not reported as revenue in the governmental funds.

Assets Contributed by Developers	399,592
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The change in the Net Pension Asset/Obligation is not included in the governmental funds.	(350,720)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Long-Term Debt	6,856
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Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Assets and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt	<u>99,224</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ (804,500)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 APRIL 30, 2009

	Enterprise Fund
	Sewer
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 137,913
Investments, at fair value	866,909
Receivables (Net of Allowance for Estimated Uncollectible Accounts of \$0)	
Accounts	3,127
Special Assessments	121,543
Interest	1,066
Prepaid Expenses	333
	\$ 1,130,891
Non-Current Assets	
Capital Assets	
Sewer System	\$ 7,200,259
Less: Accumulated Depreciation	(1,182,865)
	\$ 6,017,394
Total Assets	\$ 7,148,285
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 10,571
Accrued Expenses	8,460
Loans Payable - Current	9,409
	\$ 28,440
Non-Current Liabilities	
Loans Payable (Net of Current Portion Shown Above)	\$ 274,331
Total Liabilities	\$ 302,771
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 5,733,654
Restricted for:	
Capital Sewer Projects	37,990
Unrestricted / (Deficit)	
Designated for:	
Capital Sewer Projects	643,608
Undesignated	430,262
Total Net Assets	\$ 6,845,514

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2009

	Enterprise Fund Sewer
OPERATING REVENUES	
Charges for Services	
Sewer Charges	\$ 582,540
	\$ 582,540
OPERATING EXPENSES	
Sewer Department	
Supervision	\$ 6,325
System Maintenance	69,323
Utilities	16,341
Operating Expenses	420,015
Miscellaneous Expenses	4,749
Depreciation	87,411
	\$ 604,164
OPERATING INCOME/(LOSS)	\$ (21,624)
NON-OPERATING REVENUE/(EXPENSE)	
Interest Income	\$ 35,988
Interest Expense	(14,299)
Assessment Income	3,010
	\$ 24,699
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 3,075
CAPITAL CONTRIBUTIONS	136,000
CHANGE IN NET ASSETS	\$ 139,075
NET ASSETS - MAY 1, 2008	6,706,439
NET ASSETS - APRIL 30, 2009	\$ 6,845,514

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2009

	Enterprise Fund
	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 594,956
Payments to Suppliers for Goods and Services	(501,150)
Payments to Employees for Services	(6,325)
Net Cash Provided/(Used) by Operating Activities	\$ 87,481
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Assessments Received	\$ 3,010
Net Cash Provided/(Used) by Non-Capital Financing Activities	\$ 3,010
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest Paid on Capital Debt	\$ (14,338)
Principal Paid on Capital Debt	(9,409)
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ (23,747)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 36,714
Purchase of Investments	(77,716)
Net Cash Provided/(Used) by Investing Activities	\$ (41,002)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 25,742
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2008	112,171
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2009	\$ 137,913
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ (21,624)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	87,411
Change in assets and liabilities:	
Receivables, net	12,416
Accounts Payable	9,278
Net Cash Provided/(Used) by Operating Activities	\$ 87,481

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 APRIL 30, 2009

	Agency Funds		Trust Fund
	Escrow Fund	Special Service Area Fund	Police Pension Fund
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 157,468	\$ 730,468	\$ 552,788
Investments, at fair value	-	-	1,294,613
	<u>\$ 157,468</u>	<u>\$ 730,468</u>	<u>\$ 1,847,401</u>
 TOTAL ASSETS	 <u>\$ 157,468</u>	 <u>\$ 730,468</u>	 <u>\$ 1,847,401</u>
 LIABILITIES			
Current Liabilities			
Due to Developers	\$ 157,468	\$ -	\$ -
Due to Bondholders	-	730,468	-
	<u>\$ 157,468</u>	<u>\$ 730,468</u>	<u>\$ -</u>
 TOTAL LIABILITIES	 <u>\$ 157,468</u>	 <u>\$ 730,468</u>	 <u>\$ -</u>
 NET ASSETS HELD IN TRUST	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,847,401</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED APRIL 30, 2009

	Trust Fund Police Pension Fund
ADDITIONS	
Contributions	
Employer	\$ 491,196
Plan Member	137,312
Total Contributions	\$ 628,508
Investment Earnings	
Interest	\$ 62,120
Capital Gain Distributions	2,403
Realized Gain/(Loss)	(2,595)
Unrealized Gain/(Loss)	(55,752)
Total Investment Earnings	\$ 6,176
TOTAL ADDITIONS	\$ 634,684
DEDUCTIONS	
Benefits	\$ 18,820
Administrative Expenses	15,872
TOTAL DEDUCTIONS	\$ 34,692
NET INCREASE	\$ 599,992
NET ASSETS HELD IN TRUST - MAY 1, 2008	1,247,409
NET ASSETS HELD IN TRUST - APRIL 30, 2009	\$ 1,847,401

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF KILDEER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of Village of Kildeer, Illinois (Village) 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. The Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, and the Village has chosen to do so. The more significant accounting policies established in GAAP and used by the Village are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that the Police Pension Fund meets the above criteria. The Police Pension Fund is blended into the Village's primary government financial statements as a fiduciary fund although it remains a separate legal entity. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

The joint agreement has been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service and special financing relationships criteria and is therefore excluded from the accompanying financial statements because the Village does not control the assets, operations, or management of the joint agreement. In addition, the Village is not aware of any entity which would exercise such oversight as to result in the Village being considered a component unit of the entity.

B. *Basic Financial Statements – Government-Wide Statements*

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements.

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, public safety, and public works and transportation are classified as governmental activities. The Village's sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basic Financial Statements – Government-Wide Statements (Continued)*

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.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public works and transportation, public safety, etc.) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The Village does not allocate indirect costs.

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.

C. *Basic Financial Statements – 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 comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues and expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in one column in the fund financial statements. The Village does not have any nonmajor funds as the Village has elected to treat all funds as major funds.

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 Village reports these governmental funds and fund types:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Basic Financial Statements – Fund Financial Statements (Continued)*

Governmental Funds (Continued)

1. The General Fund is the Village's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
2. The Special Revenue Funds (Population Impact Fee Fund and Motor Fuel Tax Fund) are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.
3. The Capital Projects Fund is 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 activities reported in these funds are reported as governmental activities in the government-wide financial statements.

Proprietary Fund Types

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

Enterprise Funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements.

Fiduciary Fund Types

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.

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

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

1. Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt, which is recognized when due and payable.

The Village reports deferred revenue on its governmental funds Balance Sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. At April 30, 2009 the Village has \$673,578 of deferred revenue from property taxes.

E. *Receivables and Revenue Recognition*

Property taxes receivable are recognized at the time they are levied. The property tax receivable allowance is equal to 0% of outstanding property taxes at April 30, 2009.

Substantially all other shared revenue is recorded during the period when received by the collecting authority, the State of Illinois.

Income from investments, bank accounts, and unbilled usage receivables are recognized when earned. Licenses and permits, fines and forfeitures, fees and refunds, charges for services (other than enterprise funds), miscellaneous and other revenues are recorded as revenues when received in cash as they are generally not measurable until actually received.

F. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all Village funds. Instead, the funds maintain their uninvested cash balances in a common bank account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. *Cash and Cash Equivalents and Investments* (Continued)

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Village funds and are, therefore, interfund loans which have not been authorized by Village Board action.

The Village has defined cash and cash equivalents to include cash on hand, demand deposits, checking accounts, savings accounts, money market accounts, and short-term investments with an original maturity of less than three months.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

G. *Inventories and Prepaid Items*

It is the Village's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the value of resale or supply items on hand.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported on the consumption basis. Prepaid items are recorded in both the government-wide and fund financial statements.

H. *Interfund Activity*

Interfund activity is reported either 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 funds or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

I. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. 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. Depreciation on all assets is provided on the straight-line half-year basis over the following estimated useful lives:

Buildings	50 years
Equipment	5 years
Furniture and Fixtures	5 years
Vehicles	5 years
Infrastructure	25 - 40 years
Sanitary Sewers	75 - 100 years
Lift Stations	100 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. *Capital Assets* (Continued)

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets effective as of May 1, 2004. The Village completed an inventory of infrastructure assets acquired prior to May 1, 2004. These assets have been valued at their estimated historical cost, or for donated assets, at their estimated fair market value at the date of donation. All infrastructure additions subsequent to May 1, 2004 are recorded at cost, or fair market value as of the date donated, as applicable.

J. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts to specified maximums depending on tenure with the Village. Sick leave is accumulated from year to year up to specified maximums, but is not paid upon termination. No compensated absence accrual is recorded because vacation benefits do not accumulate from year to year and sick leave is not paid upon termination.

K. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

L. *Governmental Fund Balances*

Governmental fund balances are reported as "reserved" when the balances are not available for appropriation or expenditure or because they are legally segregated for a specific future use. The remaining balances are "unreserved" fund balances. From time to time, the Village agrees to set aside or "designate" resources for future uses – such as for specific capital projects. These unreserved, designated balances are based on management's tentative plans and can be changed.

M. *Government-Wide and Proprietary Fund Net Assets*

Government-wide and proprietary fund net assets are divided into three components:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. *Government-Wide and Proprietary Fund Net Assets (Continued)*

- Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net assets – consist of net assets that are restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net assets are reported in this category.

N. *Defining Operating Revenues and Expenses*

The Village's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's Sewer Fund consist of charges for services and the costs for providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

O. *Property Tax Calendar and Revenues*

The Village is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied each calendar year on all taxable real property located in the Village on or before the last Tuesday in December. The 2008 levy was passed by the Board on December 8, 2008. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

P. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - PROPERTY TAXES

Property taxes receivable and deferred revenue recorded in these financial statements are from the 2008 tax levy. The deferred revenue is 100% of the 2008 levy, less allowance. These taxes are deferred as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2009. The Village has determined that 100% of the amounts collected for the 2007 levy is allocable for use in fiscal year 2009. Therefore, 100% of the amounts collected for the 2007 levy (\$633,467) are recorded in these financial statements as property taxes revenue. A summary of the assessed valuations, rates and extensions for the years 2008, 2007, and 2006 follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - PROPERTY TAXES (Continued)

TAX YEAR	2008		2007		2006	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
ASSESSED VALUATION	\$335,810,238		\$328,325,093		\$311,593,625	
Corporate	0.1970	\$ 661,546	0.1900	\$ 623,818	0.1900	\$ 592,028
Special Service Area #1	-	\$ 299,920	-	\$ 300,000	-	\$ 300,000
Road and Bridge (from Townships)	-	\$ 12,031	-	\$ 11,491	-	\$ 10,906

NOTE 3 - DEPOSITS AND INVESTMENTS

A. *Deposits*

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6 and Chapter 40, Act 5/Article 4 – Pensions.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of April 30, 2009, none of the Village's bank balance of \$3,452,362 was exposed to custodial credit risk.

B. *Investments*

Village

As of April 30, 2009 the Village had the following investments:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	\$ 411,265	\$ 411,265	\$ -	\$ -	\$ -
Totals	\$ 411,265	\$ 411,265	\$ -	\$ -	\$ -

Interest Rate Risk – The Village does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The Village has an investment policy that would further limit its investment choices. As of April 30, 2009, the Village's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAA/Aaa	Standard and Poor's/Moody's

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

B. *Investments* (Continued)

Police Pension

As of April 30, 2009 the Police Pension Fund had the following investments:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
Mutual Funds	\$ 391,248	\$ 391,248	\$ -	\$ -	\$ -
Federal Home Loan Bank	269,439	-	-	-	269,439
Federal Farm Credit Bank	230,580	-	-	230,580	-
Federal Home Loan Mortgage Corp	112,710	-	112,710	-	-
DuPont	51,450	51,450	-	-	-
General Electric	52,373	-	52,373	-	-
Wells Fargo	52,958	-	52,958	-	-
Illinois State Pension	133,855	-	-	-	133,855
Totals	\$ 1,294,613	\$ 442,698	\$ 218,041	\$ 230,580	\$ 403,294

Interest Rate Risk – The Police Pension Fund does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The Police Pension Fund has an investment policy that would further limit its investment choices. As of April 30, 2009, the Police Pension Fund's investments were rated as follows:

Investment	Credit Rating	Rating Source
Mutual Funds	NR/NR	Standard and Poor's/Moody's
Federal Home Loan Bank	AAA/Aaa	Standard and Poor's/Moody's
Federal Farm Credit Bank	AAA/Aaa	Standard and Poor's/Moody's
Federal Home Loan Mortgage Corp	AAA/Aaa	Standard and Poor's/Moody's
DuPont	A/A2	Standard and Poor's/Moody's
General Electric	AA+/Aa2	Standard and Poor's/Moody's
Wells Fargo	AA/Aa3	Standard and Poor's/Moody's
Illinois State Pension	AA/Aa3	Standard and Poor's/Moody's

Concentration of Credit Risk. The Police Pension Fund places no limit on the amount the Police Pension Fund may invest in any one issuer. More than 5% of the Police Pension Fund's investments are in Federal Home Loan Bank (21%), Federal Farm Credit Bank (18%), Federal Home Loan Mortgage Corp (9%), and Illinois State Pension Bonds (10%).

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2009 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CAPITAL ASSETS (Continued)

	Balance May 1, 2008	Increases	Decreases	Balance April 30, 2009
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 12,174,479	\$ 247,272	\$ -	\$ 12,421,751
Total Capital Assets not being depreciated	\$ 12,174,479	\$ 247,272	\$ -	\$ 12,421,751
Other Capital Assets				
Buildings	\$ 2,423,308	\$ -	\$ -	\$ 2,423,308
Equipment	218,784	19,377	19,686	218,475
Furniture and Fixtures	11,527	-	-	11,527
Vehicles	208,094	51,094	44,556	214,632
Infrastructure	19,598,164	152,320	-	19,750,484
Total Other Capital Assets at Historical Cost	\$ 22,459,877	\$ 222,791	\$ 64,242	\$ 22,618,426
Less Accumulated Depreciation for				
Buildings	\$ 339,263	\$ 48,466	\$ -	\$ 387,729
Equipment	132,413	28,831	19,686	141,558
Furniture and Fixtures	11,527	-	-	11,527
Vehicles	89,255	43,194	37,501	94,948
Infrastructure	7,616,848	793,074	-	8,409,922
Total Accumulated Depreciation	\$ 8,189,306	\$ 913,565	\$ 57,187	\$ 9,045,684
Other Capital Assets, Net	\$ 14,270,571	\$ (690,774)	\$ 7,055	\$ 13,572,742
Governmental Activities Capital Assets, Net	\$ 26,445,050	\$ (443,502)	\$ 7,055	\$ 25,994,493
Business-Type Activities				
Other Capital Assets				
Sanitary Sewers	\$ 6,604,938	\$ 136,000	\$ -	\$ 6,740,938
Lift Stations	459,321	-	-	459,321
Total Other Capital Assets at Historical Cost	\$ 7,064,259	\$ 136,000	\$ -	\$ 7,200,259
Less Accumulated Depreciation for				
Sanitary Sewers	\$ 1,047,005	\$ 82,818	\$ -	\$ 1,129,823
Lift Stations	48,449	4,593	-	53,042
Total Accumulated Depreciation	\$ 1,095,454	\$ 87,411	\$ -	\$ 1,182,865
Other Capital Assets, Net	\$ 5,968,805	\$ 48,589	\$ -	\$ 6,017,394
Business-Type Activities Capital Assets, Net	\$ 5,968,805	\$ 48,589	\$ -	\$ 6,017,394

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 1,357
Public Safety	70,668
Public Works and Transportation	793,074
Unallocated	48,466
Total Governmental Activities Depreciation Expense	\$ 913,565
Business-Type Activities	
Sewer	\$ 87,411
Total Business-Type Activities Depreciation Expense	\$ 87,411

NOTE 5 - ILLINOIS MUNICIPAL RETIREMENT FUND

A. *Plan Description*

The Village's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

B. *Funding Policy*

As set by statute, the Village's Regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's contribution rate for calendar year 2008 was 8.85% of annual covered payroll. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

C. *Annual Pension Cost*

For 2008, the Village's annual pension cost of \$21,110 for the Regular plan was equal to the Village's required and actual contributions.

THREE YEAR TREND INFORMATION FOR THE REGULAR PLAN

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	\$ 21,110	100%	\$ -
12/31/2007	12,296	100%	-
12/31/2006	-	100%	-

The required contribution for 2008 was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% 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) post retirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village's Regular 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 December 31, 2006 valuation was 29 years.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

D. *Funded Status and Funding Progress*

As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 90.84% funded. The actuarial accrued liability for benefits was \$1,024,756 and the actuarial value of assets was \$930,924, resulting in an underfunded actuarial accrued liability (UAAL) of \$93,832. The covered payroll (annual payroll of active employees covered by the plan) was \$238,536 and the ratio of the UAAL to the covered payroll was 39%.

This schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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)
12/31/2008	\$ 930,924	\$ 1,024,756	\$ 93,832	90.84%	\$ 238,536	39.34%
12/31/2007	756,577	681,512	(75,065)	111.01%	116,650	0.00%
12/31/2006	-	-	-	0.00%	-	N/A

NOTE 6 - POLICE PENSION PLAN

A. *Plan Description and Contribution Information*

The Kildeer Police Pension Fund of the Village of Kildeer (Plan) is a single-employer defined benefit pension plan that covers all full-time police sworn personnel of the Village. The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency.

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature. The Plan does not issue a stand-alone financial report.

Membership in the Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	-
Active Plan Members	20
Total	<u>20</u>

Contribution requirements of both the Plan members and the Village are established and may be amended by the Illinois legislature. Plan members are required to contribute 9.91% of their annual covered salary. The Village is required to contribute at an actuarially determined rate. Administrative costs of the Plan are financed through investment earnings.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - POLICE PENSION PLAN (Continued)

B. *Summary of Significant Accounting Policies*

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Village contributions to the Plan are recognized when due and when the Village has made a formal commitment to provide the contributions. 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 a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Any investments that do not have an established market are reported at estimated fair value.

C. *Concentrations*

No concentrations existed as of the year ended April 30, 2009.

D. *Annual Pension Cost and Net Pension Obligation*

The Village's annual pension cost and net pension obligation to the Plan as of April 30, 2009 is as follows:

Annual required contribution	\$ 357,848
Interest on net pension obligation (optional)	-
Adjustment to annual required contribution	-
	<hr/>
Annual pension cost	\$ 357,848
Contributions made	377,464
	<hr/>
Increase/(decrease) in net pension obligation	\$ (19,616)
Net pension obligation beginning of year	(370,336)
Adjustment to actuarial valuation	370,336
	<hr/>
Net pension obligation end of year	<u>\$ (19,616)</u>

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the entry-age-normal actuarial cost method.

The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.0%. Both (a) and (b) include an inflation component. The assumptions include postretirement benefit increases of 3%.

The unfunded actuarial accrued liability is being amortized as a level percentage of pay method on a closed period. The remaining amortization period at December 31, 2008 was 39 years.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - POLICE PENSION PLAN (Continued)

D. Annual Pension Cost and Net Pension Obligation (Continued)

TREND INFORMATION			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	\$ 357,848	105.5%	\$ (19,616)
4/30/2007	334,206	224.4%	(370,336)
4/30/2006	334,206	86.4%	45,474

E. Required Supplementary Information

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2008	\$ 1,729,802	\$ 4,331,004	\$ 2,601,202	39.9%	\$ 1,324,803	196.3%
4/30/2007	330,575	3,604,840	3,274,265	9.2%	1,375,064	238.1%
4/30/2006	1,000,000	3,260,486	2,260,486	30.7%	1,375,064	164.4%

*This amount is based on the Entry-Age-Normal Cost Method. The Entry-Age-Normal is used to determine the required contribution.

Schedule of Employer Contributions		
Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2008	\$ 357,848	105.5%
4/30/2007	259,719	288.8%
4/30/2006	259,719	111.2%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Single-Employer Pension Plan
Valuation date	12/31/2008
Actuarial cost method	Entry Age Normal Cost
Actuarial value of assets	Market
Amortization method	Level percentage of pay in accordance with Sec 3-127 of the Illinois Pension Code
Remaining amortization period	39 years
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases (including inflation)	4.00%

NOTE 7 - CHANGES IN LONG-TERM DEBT

A summary of changes in general long-term debt shows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - CHANGES IN LONG-TERM DEBT (Continued)

	Balance May 1, 2008	Additions	Retirements	Balance April 30, 2009	Amounts Due Within One Year
Governmental Activities					
General Obligation Limited Debt Certificate, Series 2001	\$ 1,556,970	\$ -	\$ 80,727	\$ 1,476,243	\$ 87,319
Notes Payable - Squad Cars	22,670	-	18,497	4,173	4,173
Governmental Activities					
Long-Term Liabilities	<u>\$ 1,579,640</u>	<u>\$ -</u>	<u>\$ 99,224</u>	<u>\$ 1,480,416</u>	<u>\$ 91,492</u>
Business-Type Activities					
Bonds Payable Supplemental Act Assessment Bond, Series 1998	\$ 152,016	\$ -	\$ -	\$ 152,016	\$ -
Note Payable - Deer Park	141,133	-	9,409	131,724	9,409
Business-Type Activities					
Long-Term Liabilities	<u>\$ 293,149</u>	<u>\$ -</u>	<u>\$ 9,409</u>	<u>\$ 283,740</u>	<u>\$ 9,409</u>

Payments on all long-term debt that pertain to the Village's governmental activities are made from the General Fund.

On June 19, 2001 the Village issued \$2,000,000 in General Obligation Limited Debt Certificates in order to build the Village Hall. The issue provides for monthly principal and interest payments of \$13,566 until July 1, 2011, at which time the remaining principal balance will be due. Interest on the certificate is at a rate of 5.33%.

At April 30, 2009 the annual debt service requirements to service the General Obligation Limited Debt Certificates are:

<u>YEAR ENDING APRIL 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 87,319	\$ 76,540	\$ 163,859
2011	90,968	71,829	162,797
2012	1,297,956	17,191	1,315,147
	<u>\$ 1,476,243</u>	<u>\$ 165,560</u>	<u>\$ 1,641,803</u>

The Village has entered into various installment notes payable to provide funds for the purchase of new squad cars for the police department. The interest rates on the notes range from 4.75% to 5.5%. The notes are payable in monthly installments of principal and interest.

At April 30, 2009 the annual debt service requirements to service these notes payable are:

<u>YEAR ENDING APRIL 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 4,173	\$ 96	\$ 4,269

On July 27, 1998 the Village issued \$2,347,383 in Supplemental Act Assessment Bonds in order to extend the sewer system. The issue provided for annual payments of interest beginning July 1, 1999 with principal payments due July 1, 2008 and July 1, 2018. The Village has the remaining principal of \$152,016 due July 1, 2018. Interest on the bonds is at a rate of 4.89%.

At April 30, 2009 the annual debt service requirements to service the Supplemental Act Assessment Bonds are:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - CHANGES IN LONG-TERM DEBT (Continued)

<u>YEAR ENDING APRIL 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ -	\$ 7,434	\$ 7,434
2011	-	7,434	7,434
2012	-	7,434	7,434
2013	-	7,434	7,434
2014	-	7,434	7,434
2015	-	7,434	7,434
2016	-	7,434	7,434
2017	-	7,434	7,434
2018	-	7,434	7,434
2019	152,016	7,434	159,450
	<u>\$ 152,016</u>	<u>\$ 74,340</u>	<u>\$ 226,356</u>

On January 1, 2004 the Village entered into a \$188,177 note payable agreement with the Village of Deer Park in exchange for the Village of Deer Park repaying SSA bond indebtedness for properties annexed into the Village of Deer Park. The note provides for annual retirement of principal and interest beginning January 1, 2004 and continuing until January 1, 2023. Interest on the note is at a rate of 4.89%.

At April 30, 2009 the annual debt service requirements to service this note payable are:

<u>YEAR ENDING APRIL 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 9,409	\$ 6,441	\$ 15,850
2011	9,409	5,981	15,390
2012	9,409	5,521	14,930
2013	9,409	5,061	14,470
2014	9,409	4,601	14,010
2015	9,409	4,141	13,550
2016	9,409	3,681	13,090
2017	9,409	3,221	12,630
2018	9,409	2,761	12,170
2019	9,409	2,300	11,709
2020	9,409	1,840	11,249
2021	9,409	1,380	10,789
2022	9,408	920	10,328
2023	9,408	460	9,868
	<u>\$ 131,724</u>	<u>\$ 48,309</u>	<u>\$ 180,033</u>

On January 28, 2005 the Village issued \$3,295,000 in Special Service Area Bonds in order to extend the sewer system. The issue provided for annual payments of interest and principal beginning March 1, 2006 solely from property taxes in the special service area. This issuance does not constitute a commitment of the Village. Interest on the bonds is at a rate of 6.00%.

NOTE 8 - CONTINGENCIES

The Village is not aware of any litigation which might have a material adverse affect on the Village's financial position.

NOTE 9 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance to handle these risks of loss. During fiscal year 2009 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - RISK MANAGEMENT (Continued)

The Village is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2009, there were no significant adjustments in premiums based on actual experience.

NOTE 10 - JOINT VENTURE

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

Member percentage shares are subject to change in future years based on the combination of the population and equalized assessed valuation of the municipalities.

The members form a contiguous geographic service area which is located in Lake County. Under the Agency Agreement, additional members may join SWALCO upon the approval of each member.

SWALCO is governed by a Board of Directors, which consists of one appointed representative from each member municipality. Each Director has one equal vote. The officers of SWALCO are appointed by the Board of Directors. The Board of Directors determines the general policy of SWALCO; makes all appropriations; approves contracts; adopts resolutions providing for the issuance of bonds or notes by SWALCO; adopts bylaws, rules and regulations; and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the bylaws.

SWALCO is an oversight advisory board providing long-range planning services to member municipalities. The Village is a participant in SWALCO, but no agreement has been reached as to the services to be provided.

Complete financial statements can be obtained from the Solid Waste Agency of Lake County, 1300 N. Skokie Highway, Suite 103, Gurnee, Illinois 60031.

NOTE 11 - RESERVED/RESTRICTED EQUITY

The following amounts are restricted/reserved equity balances at April 30, 2009:

PURPOSE	RESERVED FUND BALANCE	RESTRICTED NET ASSETS
DUI Enforcement	\$ 15,344	\$ 15,344
Drug Enforcement	5,303	5,303
Capital Projects	530,191	530,191
Squad Cars	5,461	5,461
Land Development	56,229	56,229
Street Extension	32,856	32,856
Highways and Streets	192,095	192,095
Capital Sewer Projects	-	37,990
	<u>\$ 837,479</u>	<u>\$ 875,469</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - DESIGNATED FUND BALANCE

Portions of the Village's fund balance have been board designated for the following purposes as of April 30, 2009:

<u>Purpose</u>	<u>Designation</u>
General Fund	
Facility Maintenance	\$ 48,000
Sewer Fund	
Capital Sewer Projects	\$ 643,608

NOTE 13 - LEGAL DEBT LIMITATION

The Illinois Compiled Statutes limits the amount of indebtedness to 8.625% of the most recent available equalized assessed valuation (EAV) of the Village. The Village's legal debt limitation is as follows:

2008 EAV	\$ 335,810,238
Rate	<u>8.625%</u>
Debt Margin	\$ 28,963,633
Current Debt	<u>1,480,416</u>
Remaining Debt Margin	<u>\$ 27,483,217</u>

NOTE 14 - DEFICIT FUND BALANCE

No Village fund had a deficit fund balance at April 30, 2009.

VILLAGE OF KILDEER, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local Taxes			
Property Tax	\$ 629,160	\$ 629,160	\$ 633,467
Intergovernmental			
State Sales Tax	1,343,750	1,343,750	1,172,279
State Income Tax	387,208	387,208	378,444
State Replacement Tax	1,624	1,624	1,349
State Use Tax	55,345	55,345	59,548
Telecommunications Tax	30,000	30,000	31,062
Grants	-	-	5,763
Other Local Sources			
Vehicle Stickers	60,600	60,600	59,127
Other Licenses and Permits	212,500	212,500	122,160
Sewer Administration Fees	42,237	42,237	44,324
Franchise Fees	48,000	48,000	67,717
Annexation Fees	-	-	9,000
Contract Services	1,319,198	1,319,198	1,319,198
Police Fines	500,200	500,200	215,247
Interest	25,000	25,000	19,161
Miscellaneous			
Books and Copies	3,000	3,000	2,738
Hearing and Filing Fees	-	-	644
Recoveries	-	-	18,145
Utility Recapture	13,000	13,000	4,352
Other Miscellaneous	-	-	5,368
	<u>\$ 4,670,822</u>	<u>\$ 4,670,822</u>	<u>\$ 4,169,093</u>
EXPENDITURES			
Current			
General Government			
Personnel Salaries	\$ 23,461	\$ 23,461	\$ 161,560
Payroll Taxes	11,950	11,950	13,184
Retirement and Benefits	18,557	18,557	22,216
Training and Education	1,750	1,750	426
Legal Services	50,000	50,000	44,757
Consulting Services	2,250	2,250	1,421
Office Supplies	3,000	3,000	2,383
Planning and Zoning Services	41,250	41,250	33,500
Inspection Services	50,000	50,000	134,775
Financial Services	46,000	46,000	44,620
Information Technology	22,500	22,500	13,132
Codification	2,500	2,500	2,474
Audit Fees	10,000	10,000	10,000
Insurance	17,100	17,100	14,701
Dues and Subscriptions	3,000	3,000	4,030
Supplies	5,500	5,500	4,437
Printing	9,000	9,000	8,746
Copy Services	5,000	5,000	4,659
Postage	6,500	6,500	5,889
Utilities	25,200	25,200	24,416
Building and Grounds Maintenance	12,000	12,000	8,426
Cleaning and Maintenance	40,500	40,500	19,438
Office Expense	22,000	22,000	17,112
Sales Tax Rebate	250,000	250,000	228,885
Recruitment	-	-	19,871
Interim Administration Expenses	-	-	4,435
Miscellaneous Expenses	22,400	22,400	14,201
	<u>\$ 701,418</u>	<u>\$ 701,418</u>	<u>\$ 863,694</u>

See Accompanying Independent Auditor's Report

VILLAGE OF KILDEER, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2009

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts
	Original	Final	
Current (Continued)			
Public Safety			
Personnel Salaries	\$ 1,760,983	\$ 1,760,983	\$ 1,674,944
Payroll Taxes	31,821	31,821	30,292
Retirement and Benefits	217,117	217,117	204,659
Pension Contribution	349,296	349,296	349,557
Insurance	69,300	69,300	133,978
Investigations and Lab	16,200	16,200	9,339
Legal Services	64,000	64,000	47,384
Police Grant Expense	89,686	89,686	8,592
Police Programs	11,700	11,700	9,831
Communications	9,250	9,250	8,263
Conferences and Dues	2,250	2,250	499
Dispatching	68,796	68,796	68,706
Training and Education	26,095	26,095	23,070
Printing	3,600	3,600	1,301
Copy Services	3,350	3,350	4,962
Postage	2,500	2,500	1,197
Fuel	56,000	56,000	47,611
Storage	2,900	2,900	2,321
Supplies	31,200	31,200	16,898
Uniforms	17,150	17,150	14,198
Maintenance and Repairs	41,200	41,200	22,821
Deer Park Administration	122,010	122,010	-
Miscellaneous Expenses	6,600	6,600	3,581
	<u>\$ 3,003,004</u>	<u>\$ 3,003,004</u>	<u>\$ 2,684,004</u>
Public Works and Transportation			
Contract Services	\$ 13,200	\$ 13,200	\$ 8,817
Supplies	200	200	-
Mosquito Control	14,000	14,000	14,000
Maintenance and Repairs	54,000	54,000	57,114
Road Maintenance	160,000	160,000	141,994
Snow and Ice Control	135,000	135,000	178,586
Street Signs and Safety	7,500	7,500	3,041
Street Lighting	3,000	3,000	3,232
Street Cleaning	-	-	2,191
Swale Standards	2,000	2,000	6,589
Miscellaneous Expenses	-	-	1,264
	<u>\$ 388,900</u>	<u>\$ 388,900</u>	<u>\$ 416,828</u>
Total Current	<u>\$ 4,093,322</u>	<u>\$ 4,093,322</u>	<u>\$ 3,964,526</u>
Capital Outlay			
General Government	\$ 8,250	\$ 8,250	\$ 6,368
Public Safety	96,300	96,300	71,241
	<u>\$ 104,550</u>	<u>\$ 104,550</u>	<u>\$ 77,609</u>
Debt Service			
Principal	\$ 162,797	\$ 162,797	\$ 99,224
Interest and Fees	-	-	82,738
	<u>\$ 162,797</u>	<u>\$ 162,797</u>	<u>\$ 181,962</u>
Total Expenditures	<u>\$ 4,360,669</u>	<u>\$ 4,360,669</u>	<u>\$ 4,224,097</u>

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VILLAGE OF KILDEER, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 310,153	\$ 310,153	\$ (55,004)
OTHER FINANCING SOURCES/(USES) Proceeds from Sale of Fixed Assets	-	-	7,920
NET CHANGE IN FUND BALANCE	\$ 310,153	\$ 310,153	\$ (47,084)
FUND BALANCE - MAY 1, 2008	20,000	20,000	829,292
FUND BALANCE - APRIL 30, 2009	<u>\$ 330,153</u>	<u>\$ 330,153</u>	<u>\$ 782,208</u>

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VILLAGE OF KILDEER, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
POPULATION IMPACT FEE FUND
YEAR ENDED APRIL 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Other Local Sources			
Population Impact Fees	\$ 718,340	\$ 718,340	\$ 150,000
Total Revenues	<u>\$ 718,340</u>	<u>\$ 718,340</u>	<u>\$ 150,000</u>
EXPENDITURES			
Public Safety			
Retirement and Benefits	\$ 718,340	\$ 718,340	\$ 150,000
	<u>\$ 718,340</u>	<u>\$ 718,340</u>	<u>\$ 150,000</u>
Total Expenditures	<u>\$ 718,340</u>	<u>\$ 718,340</u>	<u>\$ 150,000</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -
FUND BALANCE - MAY 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - APRIL 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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VILLAGE OF KILDEER, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND
YEAR ENDED APRIL 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 118,627	\$ 118,627	\$ 109,026
Other Local Sources			
Interest	10,000	10,000	3,518
Total Revenues	<u>\$ 128,627</u>	<u>\$ 128,627</u>	<u>\$ 112,544</u>
EXPENDITURES			
Current			
Public Works and Transportation			
Road Improvements	\$ 180,000	\$ 180,000	\$ 180,000
	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 180,000</u>
Total Expenditures	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 180,000</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (51,373)	\$ (51,373)	\$ (67,456)
FUND BALANCE - MAY 1, 2008	<u>184,420</u>	<u>184,420</u>	<u>259,551</u>
FUND BALANCE - APRIL 30, 2009	<u><u>\$ 133,047</u></u>	<u><u>\$ 133,047</u></u>	<u><u>\$ 192,095</u></u>

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VILLAGE OF KILDEER, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2009

NOTE 1 - BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for all funds. All annual budgets lapse at fiscal year end.

Budgeted expenditures are controlled at the departmental level with the Village Administrator's oversight. All transfers and any revisions that change the total expenditures not contemplated of any fund must be approved by the Village's Board of Trustees. All budget amendments must be approved by the Village's Board of Trustees.

The budget was approved on April 7, 2008.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

No fund presented as required supplementary information had expenditures that exceeded the budget.

VILLAGE OF KILDEER, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED APRIL 30, 2009

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Other Local Sources			
Interest			
Total Revenues	\$ -	\$ -	\$ 5,237
EXPENDITURES			
Total Expenditures	\$ -	\$ -	\$ -
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 5,237
FUND BALANCE - MAY 1, 2008	-	-	524,954
FUND BALANCE - APRIL 30, 2009	\$ -	\$ -	\$ 530,191

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