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VILLAGE OF KILDEER, ILLINOIS
ANNUAL FINANCIAL REPORT
APRIL 30, 2010

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, 2010, 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, 2010, 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 black ink that reads "Milburn Cain & Co." in a cursive script.

MILBURN CAIN & CO.
Certified Public Accountants

Gurnee, Illinois
September 10, 2010

REQUIRED SUPPLEMENTARY INFORMATION

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, 2010. 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, 2010 by \$33,919,796 (net assets). Unrestricted net assets, which are assets that may be used to meet the Village's ongoing obligations to citizens and creditors, are \$2,189,911 at April 30, 2010.
- The Village's total net assets increased by \$1,036,111, including a net assets adjustment of \$78,211.
- At April 30, 2010, the Village's governmental funds reported combined ending fund balances of \$1,786,952. This is an increase of \$282,458 in comparison with the prior year.
- At April 30, 2010, the unreserved and undesignated fund balance for the General Fund was \$888,869, or 23 percent of total General Fund expenditures.
- The Village's total debt for governmental and business-type activities decreased by \$69,232 (4 percent) during the year ended April 30, 2010. The key factor in this decrease was principal payments made on the debt partially offset by the issuance of a new capital lease.

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 three 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, 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 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 42 of this report. Other supplemental financial information can be found on page 43 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 \$33,919,796 at April 30, 2010.

By far the largest portion of the Village's net assets (91 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.

	Governmental Activities		Business-Type Activities		Total	
	4/30/2010	4/30/2009	4/30/2010	4/30/2009	4/30/2010	4/30/2009
Current and Other Assets	\$ 2,608,280	\$ 2,385,139	\$ 1,254,516	\$ 1,130,891	\$ 3,862,796	\$ 3,516,030
Capital Assets	26,616,753	25,994,493	5,929,983	6,017,394	32,546,736	32,011,887
Total Assets	<u>\$ 29,225,033</u>	<u>\$ 28,379,632</u>	<u>\$ 7,184,499</u>	<u>\$ 7,148,285</u>	<u>\$ 36,409,532</u>	<u>\$ 35,527,917</u>
Long-Term Liabilities Outstanding	\$ 1,420,593	\$ 1,480,416	\$ 274,331	\$ 283,740	\$ 1,694,924	\$ 1,764,156
Other Liabilities	785,999	861,045	8,813	19,031	794,812	880,076
Total Liabilities	<u>\$ 2,206,592</u>	<u>\$ 2,341,461</u>	<u>\$ 283,144</u>	<u>\$ 302,771</u>	<u>\$ 2,489,736</u>	<u>\$ 2,644,232</u>
Net Assets:						
Invested in Capital Assets, Net						
of Related Debt	\$ 25,196,160	\$ 24,514,077	\$ 5,655,652	\$ 5,733,654	\$ 30,851,812	\$ 30,247,731
Restricted	840,083	837,479	37,990	37,990	878,073	875,469
Unrestricted	982,198	686,615	1,207,713	1,073,870	2,189,911	1,760,485
Total Net Assets	<u>\$ 27,018,441</u>	<u>\$ 26,038,171</u>	<u>\$ 6,901,355</u>	<u>\$ 6,845,514</u>	<u>\$ 33,919,796</u>	<u>\$ 32,883,685</u>

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 \$2,189,911 at April 30, 2010.

Governmental Activities. Governmental activities increased the Village's net assets by \$980,270, including a net assets adjustment of \$78,211, thereby accounting for 95 percent of the total growth in the net assets of the Village. Key differences from the prior year are as follows:

Village of Kildeer's Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	4/30/2010	4/30/2009	4/30/2010	4/30/2009	4/30/2010	4/30/2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,955,967	\$ 1,840,155	\$ 633,420	\$ 582,540	\$ 2,589,387	\$ 2,422,695
Operating Grants and Contributions	7,000	5,763	-	-	7,000	5,763
Capital Grants and Contributions	1,408,491	399,592	-	136,000	1,408,491	535,592
General Revenues:						
Property Taxes	662,083	633,467	-	-	662,083	633,467
Other Taxes	1,535,076	1,751,708	-	-	1,535,076	1,751,708
Grants and Contributions not Restricted to Specific Programs	-	150,000	-	-	-	150,000
Unrestricted Investment Earnings	6,682	27,916	14,301	35,988	20,983	63,904
Other	79,870	28,730	-	3,010	79,870	31,740
Total Revenues	\$ 5,655,169	\$ 4,837,331	\$ 647,721	\$ 757,538	\$ 6,302,890	\$ 5,594,869
Expenses:						
General Government	\$ 698,027	\$ 871,419	\$ -	\$ -	\$ 698,027	\$ 871,419
Public Safety	2,621,054	3,256,162	-	-	2,621,054	3,256,162
Public Works and Transportation	1,313,149	1,389,902	-	-	1,313,149	1,389,902
Unallocated Depreciation	48,466	48,466	-	-	48,466	48,466
Interest and Fees on Long-Term Debt	72,414	75,882	13,573	14,299	85,987	90,181
Sewer	-	-	578,307	604,164	578,307	604,164
Total Expenses	\$ 4,753,110	\$ 5,641,831	\$ 591,880	\$ 618,463	\$ 5,344,990	\$ 6,260,294
Increase/(Decrease) in Net Assets	\$ 902,059	\$ (804,500)	\$ 55,841	\$ 139,075	\$ 957,900	\$ (665,425)
Net Assets - Beginning	26,038,171	26,842,671	6,845,514	6,706,439	32,883,685	33,549,110
Net Assets Adjustment	78,211	-	-	-	78,211	-
Net Assets - Ending	\$ 27,018,441	\$ 26,038,171	\$ 6,901,355	\$ 6,845,514	\$ 33,919,796	\$ 32,883,685

The most significant change in revenues was an increase in Capital Grants and Contributions of \$1,008,899 which is due primarily to increases in contributions from developers.

Expenses were lower than the prior year for Governmental Activities for all functions due primarily to cost cutting measures taken as a result of a decline in the economy.

Business-type activities - Business-type activities increased the Village's net assets by \$55,841. The most significant change in revenues was a decrease in Capital Grants and Contributions of \$136,000 which is due primarily to decreases in contributions from developers.

Expenses were lower than the prior year for sewer operations due primarily to cost cutting measures taken as a result of a decline in the economy.

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, 2010, the Village's governmental funds reported combined ending fund balances of \$1,786,952, an increase of \$282,458 in comparison with the prior year.

The General Fund is the chief operating fund of the Village. At April 30, 2010, unreserved and undesignated fund balance of the General Fund was \$888,869. 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 23 percent of total General Fund expenditures.

The fund balance of the Village's General Fund increased by \$296,293 during the year ended April 30, 2010.

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 net assets of the Sewer Fund at the end of the year amounted to \$1,207,713. The total increase in net assets for the Sewer Fund was \$55,841. 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, 2010.

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 \$170,768 (unfavorable) and was primarily due to lower than expected State Sales Tax and Police Fines.
- The difference between budgeted expenditures and actual expenditures was \$134,363 (favorable) and was mostly due to less than expected Personnel Salaries, Snow and Ice Control, and Maintenance Expenses.

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, 2010 amounts to \$32,546,736 (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 increase in the Village's investment in capital assets for the year ended April 30, 2010 was 2 percent.

Village of Kildeer's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	4/30/2010	4/30/2009	4/30/2010	4/30/2009	4/30/2010	4/30/2009
Land	\$ 13,293,342	\$ 12,421,751	\$ -	\$ -	\$ 13,293,342	\$ 12,421,751
Buildings	1,987,112	2,035,579	-	-	1,987,112	2,035,579
Equipment	69,441	76,917	-	-	69,441	76,917
Vehicles	79,723	119,684	-	-	79,723	119,684
Infrastructure	11,187,135	11,340,562	-	-	11,187,135	11,340,562
Sanitary Sewers	-	-	5,528,297	5,611,115	5,528,297	5,611,115
Lift Stations	-	-	401,686	406,279	401,686	406,279
Total	\$ 26,616,753	\$ 25,994,493	\$ 5,929,983	\$ 6,017,394	\$ 32,546,736	\$ 32,011,887

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

- A change in the capitalization threshold for fixed assets from \$1,000 to \$5,000
- Additions to Land from developer right of way donations of \$871,591
- Additions to Infrastructure from developer road donations of \$536,900

Additional information on the Village's capital assets can be found in note 3 on page 28 of this report.

Long-term debt - At April 30, 2010, the Village had total governmental and business-type activities debt outstanding of \$1,694,924. Of this amount, \$1,542,908 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	
	4/30/2010	4/30/2009	4/30/2010	4/30/2009	4/30/2010	4/30/2009
General Obligation Bonds Supplemental Act	\$ 1,384,175	\$ 1,476,243	\$ -	\$ -	\$ 1,384,175	\$ 1,476,243
Assessment Bonds	-	-	152,016	152,016	152,016	152,016
Capital Lease Payable	36,418	-	-	-	36,418	-
Notes Payable	-	4,173	122,315	131,724	122,315	135,897
Total	\$ 1,420,593	\$ 1,480,416	\$ 274,331	\$ 283,740	\$ 1,694,924	\$ 1,764,156

The Village's total debt decreased by \$69,232 (4 percent) during the year ended April 30, 2010. The key factor in this decrease was principal payments made on the debt partially offset by the issuance of a new capital lease.

Additional information on the Village's long-term debt can be found in note 4 on pages 29 and 30 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Village does not have any major projects planned for fiscal year 2011.

This factor was considered in preparing the Village's budget for the 2011 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. 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

BASIC FINANCIAL STATEMENTS

VILLAGE OF KILDEER, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
APRIL 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,326,776	\$ 1,136,171	\$ 2,462,947
Investments, at fair value	110,900	-	110,900
Receivables (Net of Allowance for Estimated Uncollectible Amounts of \$0)			
Property Taxes	674,151	-	674,151
Accounts	36,218	20,667	56,885
From Other Governmental Units	380,711	-	380,711
Special Assessments	-	97,678	97,678
Prepaid Expenses	44,195	-	44,195
Net Pension Asset	35,329	-	35,329
Capital Assets			
Land	13,293,342	-	13,293,342
Other Capital Assets, Net of Depreciation	13,323,411	5,929,983	19,253,394
Total Assets	\$ 29,225,033	\$ 7,184,499	\$ 36,409,532
LIABILITIES			
Accounts Payable	\$ 26,743	\$ 655	\$ 27,398
Accrued Expenses	1,773	8,158	9,931
Sales Tax Rebates	83,332	-	83,332
Deferred Revenue	674,151	-	674,151
Non-Current Liabilities			
Due Within One Year	101,144	9,409	110,553
Due in More Than One Year	1,319,449	264,922	1,584,371
Total Liabilities	\$ 2,206,592	\$ 283,144	\$ 2,489,736
NET ASSETS			
Invested in Capital Assets, Net of Related Debt Restricted for:	\$ 25,196,160	\$ 5,655,652	\$ 30,851,812
Capital Projects	530,637	-	530,637
DUI Enforcement	19,406	-	19,406
Drug Enforcement	6,137	-	6,137
Squad Cars	17,004	-	17,004
Land Development	56,229	-	56,229
Street Extension	32,856	-	32,856
Highways and Streets	177,814	-	177,814
Capital Sewer Projects	-	37,990	37,990
Unrestricted / (Deficit)	982,198	1,207,713	2,189,911
Total Net Assets	\$ 27,018,441	\$ 6,901,355	\$ 33,919,796

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 698,027	\$ 276,200	\$ -	\$ -
Public Safety	2,621,054	1,679,767	7,000	-
Public Works and Transportation	1,313,149	-	-	1,408,491
Unallocated Depreciation	48,466	-	-	-
Interest and Fees on Long-Term Debt	72,414	-	-	-
	<u>\$ 4,753,110</u>	<u>\$ 1,955,967</u>	<u>\$ 7,000</u>	<u>\$ 1,408,491</u>
Business-Type Activities				
Sewer	\$ 578,307	\$ 633,420	\$ -	\$ -
Interest and Fees on Long-Term Debt	13,573	-	-	-
	<u>\$ 591,880</u>	<u>\$ 633,420</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 5,344,990</u>	<u>\$ 2,589,387</u>	<u>\$ 7,000</u>	<u>\$ 1,408,491</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

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - May 1, 2009

Net Assets Adjustment (See Note 16)

Net Assets - April 30, 2010

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
\$ (421,827)	\$ -	\$ (421,827)
(934,287)	-	(934,287)
95,342	-	95,342
(48,466)	-	(48,466)
(72,414)	-	(72,414)
<u>\$ (1,381,652)</u>	<u>\$ -</u>	<u>\$ (1,381,652)</u>
\$ -	\$ 55,113	\$ 55,113
-	(13,573)	(13,573)
<u>\$ -</u>	<u>\$ 41,540</u>	<u>\$ 41,540</u>
<u>\$ (1,381,652)</u>	<u>\$ 41,540</u>	<u>\$ (1,340,112)</u>
\$ 662,083	\$ -	\$ 662,083
1,015,240	-	1,015,240
334,066	-	334,066
1,220	-	1,220
47,431	-	47,431
105,441	-	105,441
31,678	-	31,678
6,682	14,301	20,983
79,870	-	79,870
<u>\$ 2,283,711</u>	<u>\$ 14,301</u>	<u>\$ 2,298,012</u>
\$ 902,059	\$ 55,841	\$ 957,900
26,038,171	6,845,514	32,883,685
78,211	-	78,211
<u>\$ 27,018,441</u>	<u>\$ 6,901,355</u>	<u>\$ 33,919,796</u>

VILLAGE OF KILDEER, ILLINOIS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2010

	General Fund	Motor Fuel Tax Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 627,388	\$ 168,751	\$ 530,637	\$ 1,326,776
Investments, at fair value	110,900	-	-	110,900
Receivables (Net of Allowance for Estimated Uncollectible Amounts of \$0)				
Property Taxes	674,151	-	-	674,151
Accounts	36,218	-	-	36,218
From Other Governmental Units	371,648	9,063	-	380,711
Prepaid Expenses	44,195	-	-	44,195
	<u>\$ 1,864,500</u>	<u>\$ 177,814</u>	<u>\$ 530,637</u>	<u>\$ 2,572,951</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 26,743	\$ -	\$ -	\$ 26,743
Accrued Expenses	1,773	-	-	1,773
Sales Tax Rebates	83,332	-	-	83,332
Deferred Revenue	674,151	-	-	674,151
Total Liabilities	<u>\$ 785,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,999</u>
FUND BALANCES				
Reserved for:				
DUI Enforcement	\$ 19,406	\$ -	\$ -	\$ 19,406
Drug Enforcement	6,137	-	-	6,137
Squad Cars	17,004	-	-	17,004
Land Development	56,229	-	-	56,229
Street Extension	32,856	-	-	32,856
Unreserved				
Designated for:				
Facility Maintenance	58,000	-	-	58,000
Undesignated	888,869	177,814	530,637	1,597,320
Total Fund Balances	<u>\$ 1,078,501</u>	<u>\$ 177,814</u>	<u>\$ 530,637</u>	<u>\$ 1,786,952</u>
	<u>\$ 1,864,500</u>	<u>\$ 177,814</u>	<u>\$ 530,637</u>	<u>\$ 2,572,951</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, 2010

Total Fund Balances - Governmental Funds	\$ 1,786,952
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	26,616,753
Net Pension Asset is not included in the governmental funds.	35,329
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and Notes Payable	<u>(1,420,593)</u>
Net Assets of Governmental Activities	<u>\$ 27,018,441</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, 2010

	General Fund	Motor Fuel Tax Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Taxes				
Property Tax	\$ 662,083	\$ -	\$ -	\$ 662,083
Intergovernmental				
State Sales Tax	1,015,240	-	-	1,015,240
State Income Tax	334,066	-	-	334,066
State Replacement Tax	1,220	-	-	1,220
State Use Tax	47,431	-	-	47,431
State Motor Fuel Tax	-	105,441	-	105,441
Telecommunications Tax	31,678	-	-	31,678
Grants	7,000	-	-	7,000
Other Local Sources				
Vehicle Stickers	58,555	-	-	58,555
Other Licenses and Permits	106,920	-	-	106,920
Sewer Administration Fees	50,930	-	-	50,930
Franchise Fees	59,795	-	-	59,795
Contract Services	1,385,158	-	-	1,385,158
Police Fines	294,609	-	-	294,609
Expired Completion Bonds	36,550	-	-	36,550
Interest	5,958	278	446	6,682
Miscellaneous				
Books and Copies	2,348	-	-	2,348
Refunds and Reimbursements	28,203	-	-	28,203
Other Miscellaneous	12,769	-	-	12,769
Total Revenues	<u>\$ 4,140,513</u>	<u>\$ 105,719</u>	<u>\$ 446</u>	<u>\$ 4,246,678</u>
EXPENDITURES				
Current				
General Government	\$ 692,695	\$ -	\$ -	\$ 692,695
Public Safety	2,572,679	-	-	2,572,679
Public Works and Transportation	408,622	120,000	-	528,622
Capital Outlay	37,971	-	-	37,971
Debt Service				
Principal	102,694	-	-	102,694
Interest and Fees	72,430	-	-	72,430
Total Expenditures	<u>\$ 3,887,091</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 4,007,091</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 253,422	\$ (14,281)	\$ 446	\$ 239,587
OTHER FINANCING SOURCES/(USES)				
Proceeds from Issuance of Long-Term Debt	42,871	-	-	42,871
NET CHANGE IN FUND BALANCES	\$ 296,293	\$ (14,281)	\$ 446	\$ 282,458
FUND BALANCES - MAY 1, 2009	782,208	192,095	530,191	1,504,494
FUND BALANCES - APRIL 30, 2010	<u>\$ 1,078,501</u>	<u>\$ 177,814</u>	<u>\$ 530,637</u>	<u>\$ 1,786,952</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, 2010

Net Change in Fund Balances - Total Governmental Funds		\$ 282,458
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Depreciation Expense	\$ (896,542)	
Capital Outlays	<u>32,100</u>	(864,442)
<p>Donated capital assets used in governmental activities are not current financial resources and therefore are not reported as revenue in the governmental funds.</p>		
Assets Contributed by Developers		1,408,491
<p>The change in the Net Pension Asset/Obligation is not included in the governmental funds.</p>		
		15,713
<p>Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as a revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but issuing debt increases long-term liabilities in the Statement of Net Assets and is therefore not reported in the Statement of Activities.</p>		
Loan Proceeds		(42,871)
<p>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.</p>		
Accrued Interest on Long-Term Debt		16
<p>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.</p>		
Repayment of Long-Term Debt		<u>102,694</u>
Change in Net Assets of Governmental Activities		<u>\$ 902,059</u>

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, 2010

	Enterprise Fund
	Sewer
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,136,171
Receivables (Net of Allowance for Estimated Uncollectible Accounts of \$0)	
Accounts	20,667
Special Assessments	97,678
	\$ 1,254,516
Non-Current Assets	
Capital Assets	
Sewer System	\$ 7,200,259
Less: Accumulated Depreciation	(1,270,276)
	\$ 5,929,983
Total Assets	\$ 7,184,499
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 655
Accrued Expenses	8,158
Loans Payable - Current	9,409
	\$ 18,222
Non-Current Liabilities	
Loans Payable (Net of Current Portion Shown Above)	\$ 264,922
Total Liabilities	\$ 283,144
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 5,655,652
Restricted for:	
Capital Sewer Projects	37,990
Unrestricted / (Deficit)	1,207,713
Total Net Assets	\$ 6,901,355

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, 2010

	Enterprise Fund Sewer
OPERATING REVENUES	
Charges for Services	
Sewer Charges	\$ 633,420
OPERATING EXPENSES	
Sewer Department	
Administration	\$ 50,930
System Maintenance	46,946
Utilities	8,899
Operating Expenses	383,335
Miscellaneous Expenses	786
Depreciation	87,411
	\$ 578,307
OPERATING INCOME/(LOSS)	\$ 55,113
NON-OPERATING REVENUE/(EXPENSE)	
Interest Income	\$ 14,301
Interest Expense	(13,573)
	\$ 728
CHANGE IN NET ASSETS	\$ 55,841
NET ASSETS - MAY 1, 2009	6,845,514
NET ASSETS - APRIL 30, 2010	\$ 6,901,355

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, 2010

	Enterprise Fund Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 615,880
Payments to Suppliers for Goods and Services	(500,479)
Net Cash Provided/(Used) by Operating Activities	\$ 115,401
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Assessments Received	\$ 23,864
Net Cash Provided/(Used) by Non-Capital Financing Activities	\$ 23,864
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest Paid on Capital Debt	\$ (13,874)
Principal Paid on Capital Debt	(9,409)
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ (23,283)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 15,367
Sale of Investments	866,909
Net Cash Provided/(Used) by Investing Activities	\$ 882,276
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 998,258
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2009	137,913
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2010	\$ 1,136,171
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ 55,113
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	87,411
Change in assets and liabilities:	
Receivables, net	(17,540)
Prepaid Expenses	333
Accounts Payable	(9,916)
Net Cash Provided/(Used) by Operating Activities	\$ 115,401

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, 2010

	Agency Funds		Trust Fund
	Escrow Fund	Special Service Area Fund	Police Pension Fund
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 71,348	\$ 729,504	\$ 171,955
Investments, at fair value	-	-	2,178,975
Receivables (Net of Allowance for Estimated Uncollectible Amounts of \$0)			
Employee Contributions	-	-	14,637
	<u>\$ 71,348</u>	<u>\$ 729,504</u>	<u>\$ 2,365,567</u>
TOTAL ASSETS	<u><u>\$ 71,348</u></u>	<u><u>\$ 729,504</u></u>	<u><u>\$ 2,365,567</u></u>
LIABILITIES			
Current Liabilities			
Due to Developers	\$ 71,348	\$ -	\$ -
Due to Bondholders	-	729,504	-
	<u>\$ 71,348</u>	<u>\$ 729,504</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u><u>\$ 71,348</u></u>	<u><u>\$ 729,504</u></u>	<u><u>\$ -</u></u>
NET ASSETS HELD IN TRUST			<u><u>\$ 2,365,567</u></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, 2010

	Trust Fund
	Police Pension Fund
	Fund
ADDITIONS	
Contributions	
Employer	\$ 299,944
Plan Member	149,019
Total Contributions	\$ 448,963
Investment Earnings	
Interest and Dividends	\$ 82,694
Realized Gain/(Loss)	(10,339)
Unrealized Gain/(Loss)	63,088
Total Investment Earnings	\$ 135,443
TOTAL ADDITIONS	\$ 584,406
DEDUCTIONS	
Benefits	\$ 41,556
Administrative Expenses	24,684
TOTAL DEDUCTIONS	\$ 66,240
NET INCREASE	\$ 518,166
NET ASSETS HELD IN TRUST - MAY 1, 2009	1,847,401
NET ASSETS HELD IN TRUST - APRIL 30, 2010	\$ 2,365,567

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

VILLAGE OF KILDEER, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2010

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.

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 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.).

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

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 Fund (Motor Fuel Tax Fund) is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Funds (Continued)

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 type:

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.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

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. An exception was made to the 60 day recognition period for Income Tax revenues due to delayed payments from the State of Illinois. The exception was made to preserve the consistency of revenue recognition between years. 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, 2010 the Village has \$674,151 of deferred revenue from property taxes.

E. *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.

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.

No Village fund had a cash overdraft at April 30, 2010.

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.

F. *Receivables*

Receivables are reported net of estimated uncollectible amounts. No property tax receivable allowance is recorded as the Village receives approximately 100% of the amount levied.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$5,000 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

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. *Government-Wide and Proprietary Fund Net Assets*

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

- 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.

M. *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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. *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 2009 levy was passed by the Board on December 1, 2009. 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.

O. *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.

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 - 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.

B. *Investments*

Village

As of April 30, 2010 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	\$ 1,395,792	\$ 1,395,792	\$ -	\$ -	\$ -
Totals	\$ 1,395,792	\$ 1,395,792	\$ -	\$ -	\$ -

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

B. *Investments* (Continued)

Village (Continued)

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, 2010, the Village's investments were rated as follows:

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

Police Pension

As of April 30, 2010 the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>5 - 10</u>	<u>More Than 10</u>
Mutual Funds	\$ 207,158	\$ 207,158	\$ -	\$ -	\$ -
Federal Home Loan Bank	251,723	-	251,723	-	-
Federal Farm Credit Bank	240,882	-	-	240,882	-
Federal Home Loan Mortgage Corp	709,141	-	709,141	-	-
U.S. Government Obligations	249,794	249,794	-	-	-
Federal National Mortgage Association	520,277	-	520,277	-	-
Totals	<u>\$ 2,178,975</u>	<u>\$ 456,952</u>	<u>\$ 1,481,141</u>	<u>\$ 240,882</u>	<u>\$ -</u>

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, 2010, the Police Pension Fund's investments were rated as follows:

<u>Investment</u>	<u>Credit Rating</u>	<u>Rating Source</u>
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
Federal National Mortgage Association	AAA/Aaa	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 (12%), Federal Farm Credit Bank (11%), Federal Home Loan Mortgage Corp (33%), U.S. Government Obligations (11%), and Federal National Mortgage Association (24%).

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2010 was as follows:

	Balance May 1, 2009	Increases	Decreases	Balance April 30, 2010
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 12,421,751	\$ 871,591	\$ -	\$ 13,293,342
Total Capital Assets not being depreciated	<u>\$ 12,421,751</u>	<u>\$ 871,591</u>	<u>\$ -</u>	<u>\$ 13,293,342</u>
Other Capital Assets				
Buildings	\$ 2,423,308	\$ -	\$ -	\$ 2,423,308
Equipment	218,475	32,100	66,094	184,481
Furniture and Fixtures	11,527	-	11,527	-
Vehicles	214,632	-	-	214,632
Infrastructure	19,750,484	536,900	-	20,287,384
Total Other Capital Assets at Historical Cost	<u>\$ 22,618,426</u>	<u>\$ 569,000</u>	<u>\$ 77,621</u>	<u>\$ 23,109,805</u>
Less Accumulated Depreciation for				
Buildings	\$ 387,729	\$ 48,467	\$ -	\$ 436,196
Equipment	141,558	23,587	50,105	115,040
Furniture and Fixtures	11,527	-	11,527	-
Vehicles	94,948	39,961	-	134,909
Infrastructure	8,409,922	784,527	94,200	9,100,249
Total Accumulated Depreciation	<u>\$ 9,045,684</u>	<u>\$ 896,542</u>	<u>\$ 155,832</u>	<u>\$ 9,786,394</u>
Other Capital Assets, Net	<u>\$ 13,572,742</u>	<u>\$ (327,542)</u>	<u>\$ (78,211)</u>	<u>\$ 13,323,411</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,994,493</u>	<u>\$ 544,049</u>	<u>\$ (78,211)</u>	<u>\$ 26,616,753</u>
Business-Type Activities				
Other Capital Assets				
Sanitary Sewers	\$ 6,740,938	\$ -	\$ -	\$ 6,740,938
Lift Stations	459,321	-	-	459,321
Total Other Capital Assets at Historical Cost	<u>\$ 7,200,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,200,259</u>
Less Accumulated Depreciation for				
Sanitary Sewers	\$ 1,129,823	\$ 82,818	\$ -	\$ 1,212,641
Lift Stations	53,042	4,593	-	57,635
Total Accumulated Depreciation	<u>\$ 1,182,865</u>	<u>\$ 87,411</u>	<u>\$ -</u>	<u>\$ 1,270,276</u>
Other Capital Assets, Net	<u>\$ 6,017,394</u>	<u>\$ (87,411)</u>	<u>\$ -</u>	<u>\$ 5,929,983</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,017,394</u>	<u>\$ (87,411)</u>	<u>\$ -</u>	<u>\$ 5,929,983</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 4,280
Public Safety	59,269
Public Works and Transportation	784,527
Unallocated	48,466
Total Governmental Activities Depreciation Expense	<u>\$ 896,542</u>
Business-Type Activities	
Sewer	\$ 87,411
Total Business-Type Activities Depreciation Expense	<u>\$ 87,411</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CHANGES IN LONG-TERM DEBT

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

	Balance May 1, 2009	Additions	Retirements	Balance April 30, 2010	Amounts Due Within One Year
Governmental Activities					
General Obligation Limited					
Debt Certificate, Series 2001	\$ 1,476,243	\$ -	\$ 92,068	\$ 1,384,175	\$ 90,968
Notes Payable - Squad Cars	4,173	-	4,173	-	-
Capital Lease Payable - Software	-	42,871	6,453	36,418	10,176
Governmental Activities					
Long-Term Liabilities	<u>\$ 1,480,416</u>	<u>\$ 42,871</u>	<u>\$ 102,694</u>	<u>\$ 1,420,593</u>	<u>\$ 101,144</u>
Business-Type Activities					
Bonds Payable					
Supplemental Act					
Assessment Bond,					
Series 1998	\$ 152,016	\$ -	\$ -	\$ 152,016	\$ -
Note Payable - Deer Park	131,724	-	9,409	122,315	9,409
Business-Type Activities					
Long-Term Liabilities	<u>\$ 283,740</u>	<u>\$ -</u>	<u>\$ 9,409</u>	<u>\$ 274,331</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, 2010 the annual debt service requirements to service the General Obligation Limited Debt Certificates are:

YEAR ENDING APRIL 30	PRINCIPAL	INTEREST	TOTAL
2011	\$ 90,968	\$ 71,829	\$ 162,797
2012	1,293,207	17,191	1,310,398
	<u>\$ 1,384,175</u>	<u>\$ 89,020</u>	<u>\$ 1,473,195</u>

The Village entered into a note payable to provide funds for the purchase of a new squad car for the police department. The interest rate on this note is 5.5%. The balance on this note payable at April 30, 2010 is \$0.

The Village has entered into a capital lease agreement to purchase computer software. The interest rate on this lease is 6%. The lease agreement provides for monthly principal and interest payments of \$1,007 until August 31, 2013.

At April 30, 2010 the annual debt service requirements to service this capital lease agreement are:

YEAR ENDING APRIL 30	PRINCIPAL	INTEREST	TOTAL
2011	\$ 10,176	\$ 1,908	\$ 12,084
2012	10,803	1,281	12,084
2013	11,470	614	12,084
2014	3,969	59	4,028
	<u>\$ 36,418</u>	<u>\$ 3,862</u>	<u>\$ 40,280</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CHANGES IN LONG-TERM DEBT (Continued)

On July 27, 1998 the Village issued \$2,347,383 in Supplemental Act Assessment Bonds in order to extend the sewer system. The issue provides 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 principle of \$152,016 due July 1, 2018. Interest on the bonds is at a rate of 4.89%.

At April 30, 2010 the annual debt service requirements to service the Supplemental Act Assessment Bonds are:

<u>YEAR ENDING APRIL 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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>\$ 66,906</u>	<u>\$ 218,922</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, 2010 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>
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>\$ 122,315</u>	<u>\$ 41,868</u>	<u>\$ 164,183</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 provides 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 5 - RESERVED/RESTRICTED EQUITY

The following amounts are restricted/reserved equity balances at April 30, 2010:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - RESERVED/RESTRICTED EQUITY (Continued)

PURPOSE	RESERVED FUND BALANCE	RESTRICTED NET ASSETS
Capital Projects	\$ -	\$ 530,637
DUI Enforcement	19,406	19,406
Drug Enforcement	6,137	6,137
Squad Cars	17,004	17,004
Land Development	56,229	56,229
Street Extension	32,856	32,856
Highways and Streets	-	177,814
Capital Sewer Projects	-	37,990
	<u>\$ 131,632</u>	<u>\$ 878,073</u>

NOTE 6 - DESIGNATED FUND BALANCE

Portions of the Village's fund balance have been board designated for the following purposes as of April 30, 2010:

Purpose	Designation
General Fund	
Facility Maintenance	\$ 58,000
Sewer Fund	
Capital Sewer Projects	\$ 692,900

NOTE 7 - DEFICIT FUND BALANCE

No Village fund had a deficit fund balance at April 30, 2010.

NOTE 8 - PROPERTY TAXES

Property taxes receivable and deferred revenue recorded in these financial statements are from the 2009 tax levy. The deferred revenue is 100% of the 2009 levy. 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 2010. The Village has determined that 100% of the amounts collected for the 2008 levy are allocable for use in fiscal year 2010. Therefore, 100% of the amounts collected for the 2008 levy (\$662,083) are recorded in these financial statements as property taxes revenue. A summary of the assessed valuations, rates and extensions for the years 2009, 2008, and 2007 follows:

TAX YEAR ASSESSED VALUATION	2009		2008		2007	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
	\$335,398,586		\$335,810,238		\$328,325,093	
Corporate	0.2000	\$ 670,797	0.1970	\$ 661,546	0.1900	\$ 623,818
Special Service Area #1	-	\$ 299,920	-	\$ 299,920	-	\$ 300,000
Road and Bridge (from Townships)	-	\$ 3,354	-	\$ 12,031	-	\$ 11,491

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2010, no fund had expenditures that exceeded the budget.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - 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. This 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 statute requires 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 2009 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 fiscal year ending December 31, 2009, the Village's annual pension cost of \$20,057 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
12/31/2009	\$ 20,057	100%	\$ -
12/31/2008	21,110	100%	-
12/31/2007	12,296	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 included (a) 7.50% 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 10% 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 15% 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 the December 31, 2007 valuation was 28 years.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

D. *Funded Status and Funding Progress*

As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 38.28% funded. The actuarial accrued liability for benefits was \$217,123 and the actuarial value of assets was \$83,108, resulting in an underfunded actuarial accrued liability (UAAL) of \$134,015. The covered payroll (annual payroll of active employees covered by the plan) was \$226,637 and the ratio of the UAAL to the covered payroll was 59%. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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)
12/31/2009	\$ 83,108	\$ 217,123	\$ 134,015	38.28%	\$ 226,637	59.13%
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%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$64,533. On a market basis, the funded ratio would be 29.72%.

NOTE 11 - 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, 2009, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	1
Active Plan Members	19
Total	<u>20</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

A. *Plan Description and Contribution Information* (Continued)

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.

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, 2010.

D. *Annual Pension Cost and Net Pension Obligation*

The Village's annual pension cost and net pension obligation to the Plan as of December 31, 2009 is as follows:

Annual required contribution	\$ 292,151
Interest on net pension obligation (optional)	-
Adjustment to annual required contribution	-
	<hr/>
Annual pension cost	\$ 292,151
Contributions made	307,864
	<hr/>
Increase/(decrease) in net pension obligation	\$ (15,713)
Net pension obligation beginning of year	(19,616)
Adjustment to actuarial valuation	-
	<hr/>
Net pension obligation end of year	<u>\$ (35,329)</u>

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the entry-age-normal actuarial cost method.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

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

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, 2009 was 38 years.

Trend Information			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	\$ 292,151	105.3%	\$ (35,329)
12/31/2008	357,848	105.5%	(19,616)
4/30/2007	334,206	224.4%	(370,336)

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)
4/30/2009	\$ 1,843,113	\$ 4,533,451	\$ 2,690,338	40.7%	\$ 1,351,831	199.0%
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%

Schedule of Employer Contributions		
Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
12/31/2009	\$ 292,151	105.3%
12/31/2008	357,848	105.5%
4/30/2007	259,719	288.8%

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	4/30/2009
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	38 years
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases (including inflation)	4.00%

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - 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 13 - 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 2010 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.

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, 2010, there were no significant adjustments in premiums based on actual experience.

NOTE 14 - CONTINGENCIES

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 15 - 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:

2009 EAV	\$	335,398,586
Rate		8.625%
Debt Margin	\$	28,928,128
Current Debt		1,420,593
Remaining Debt Margin	\$	<u>27,507,535</u>

NOTE 16 - NET ASSETS ADJUSTMENT

Governmental Activities - Government-Wide Financial Statements		
Correct accumulated depreciation of storm sewer infrastructure	\$	94,200
Change capitalization threshold from \$1,000 to \$5,000		<u>(15,989)</u>
Total Governmental Activities - Government-Wide Financial Statements	\$	<u>78,211</u>

NOTE 17 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through Month XX, 2010, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF KILDEER, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Local Taxes			
Property Tax	\$ 671,612	\$ 671,612	\$ 662,083
Intergovernmental			
State Sales Tax	1,100,000	1,100,000	1,015,240
State Income Tax	378,018	378,018	334,066
State Replacement Tax	1,213	1,213	1,220
State Use Tax	61,610	61,610	47,431
Telecommunications Tax	31,000	31,000	31,678
Grants	13,000	13,000	7,000
Other Local Sources			
Vehicle Stickers	59,000	59,000	58,555
Other Licenses and Permits	114,000	114,000	106,920
Sewer Administration Fees	45,270	45,270	50,930
Franchise Fees	52,000	52,000	59,795
Contract Services	1,385,158	1,385,158	1,385,158
Police Fines	371,600	371,600	294,609
Expired Completion Bonds	-	-	36,550
Interest	25,000	25,000	5,958
Miscellaneous			
Books and Copies	2,800	2,800	2,348
Refunds and Reimbursements	-	-	28,203
Other Miscellaneous	-	-	12,769
	<u>\$ 4,311,281</u>	<u>\$ 4,311,281</u>	<u>\$ 4,140,513</u>
EXPENDITURES			
Current			
General Government			
Personnel Salaries	\$ 152,195	\$ 152,195	\$ 109,587
Payroll Taxes	11,368	11,368	6,341
Retirement and Benefits	30,034	30,034	29,029
Training and Education	800	800	2,494
Travel and Lodging	500	500	591
Legal Services	45,000	45,000	20,788
Planning and Zoning Services	26,200	26,200	32,790
Inspection Services	12,000	12,000	10,712
Financial Services	47,200	47,200	55,657
Information Technology	24,890	24,890	38,203
Other Professional Fees	250	250	13,994
Audit Fees	10,000	10,000	26,584
Codification	1,200	1,200	2,895
Alarm and Video	540	540	1,074
Insurance	17,246	17,246	15,808
Dues and Subscriptions	3,000	3,000	1,664
Supplies	9,900	9,900	6,898
Copy Services	6,500	6,500	2,594
Postage	6,000	6,000	3,783
Utilities	9,250	9,250	5,788
Equipment Maintenance	14,550	14,550	14,441
Building and Grounds Maintenance	30,450	30,450	30,202
Software	11,575	11,575	740
Sales Tax Rebate	231,000	231,000	212,657
Community Events	1,250	1,250	2,630
Newsletter	12,000	12,000	4,465
Interim Administration Expenses	24,000	24,000	32,000
Miscellaneous Expenses	4,800	4,800	8,286
	<u>\$ 743,698</u>	<u>\$ 743,698</u>	<u>\$ 692,695</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, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXPENDITURES (Continued)			
Current (Continued)			
Public Safety			
Personnel Salaries	\$ 1,637,748	\$ 1,637,748	\$ 1,598,506
Payroll Taxes	29,802	29,802	33,714
Health Benefits	187,297	187,297	251,007
Pension Contribution	299,944	299,944	308,332
Insurance	137,802	137,802	109,980
Investigations and Lab	10,000	10,000	7,879
Legal Services	58,000	58,000	46,267
Admin Adjudication	4,000	4,000	4,400
Police Grant Expense	7,000	7,000	11,718
Emergency Management Programs	2,750	2,750	2,400
Community Emergency Response Team	6,000	6,000	1,237
Community Relations	5,700	5,700	150
Firearms and Defense	2,671	2,671	6,665
Communications	6,000	6,000	7,071
Conferences and Dues	1,900	1,900	4,323
Dispatching	65,605	65,605	65,605
Drug Seizures	2,500	2,500	-
Training and Education	11,650	11,650	8,187
Travel and Lodging	800	800	624
Printing	3,800	3,800	3,811
Copy Services	3,400	3,400	4,370
Postage	2,500	2,500	1,552
Fuel	53,500	53,500	45,762
Storage	2,900	2,900	2,579
Supplies	5,750	5,750	7,942
Uniforms	12,700	12,700	10,851
Maintenance and Repairs	42,450	42,450	25,060
Miscellaneous Expenses	3,300	3,300	2,687
	<u>\$ 2,607,469</u>	<u>\$ 2,607,469</u>	<u>\$ 2,572,679</u>
Public Works and Transportation			
Contract Services	\$ 20,000	\$ 20,000	\$ 8,190
Mosquito Control	10,000	10,000	10,000
Supplies	200	200	-
Road Maintenance	100,000	100,000	175,990
Snow and Ice Control	220,000	220,000	122,246
Street Signs and Safety	8,000	8,000	8,085
Street Lighting	3,200	3,200	7,854
Right of Way Maintenance	40,000	40,000	33,937
Traffic Signal Maintenance	15,000	15,000	23,588
Storm Sewer Line Maintenance	75,000	75,000	17,589
Miscellaneous Expenses	2,600	2,600	1,143
	<u>\$ 494,000</u>	<u>\$ 494,000</u>	<u>\$ 408,622</u>
Total Current	<u>\$ 3,845,167</u>	<u>\$ 3,845,167</u>	<u>\$ 3,673,996</u>
Capital Outlay			
General Government	\$ 900	\$ 900	\$ 33,152
Public Safety	12,590	12,590	4,819
	<u>\$ 13,490</u>	<u>\$ 13,490</u>	<u>\$ 37,971</u>
Debt Service			
Principal	\$ 162,797	\$ 162,797	\$ 102,694
Interest and Fees	-	-	72,430
	<u>\$ 162,797</u>	<u>\$ 162,797</u>	<u>\$ 175,124</u>
Total Expenditures	<u>\$ 4,021,454</u>	<u>\$ 4,021,454</u>	<u>\$ 3,887,091</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, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 289,827	\$ 289,827	\$ 253,422
OTHER FINANCING SOURCES/(USES) Proceeds from Issuance of Long-Term Debt	-	-	42,871
NET CHANGE IN FUND BALANCE	\$ 289,827	\$ 289,827	\$ 296,293
FUND BALANCE - MAY 1, 2009	105,300	105,300	782,208
FUND BALANCE - APRIL 30, 2010	<u>\$ 395,127</u>	<u>\$ 395,127</u>	<u>\$ 1,078,501</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, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 109,855	\$ 109,855	\$ 105,441
Other Local Sources			
Interest	5,000	5,000	278
Total Revenues	<u>\$ 114,855</u>	<u>\$ 114,855</u>	<u>\$ 105,719</u>
EXPENDITURES			
Current			
Public Works and Transportation			
Road Improvements	\$ 120,000	\$ 120,000	\$ 120,000
	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>
Total Expenditures	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (5,145)	\$ (5,145)	\$ (14,281)
FUND BALANCE - MAY 1, 2009	<u>182,000</u>	<u>182,000</u>	<u>192,095</u>
FUND BALANCE - APRIL 30, 2010	<u><u>\$ 176,855</u></u>	<u><u>\$ 176,855</u></u>	<u><u>\$ 177,814</u></u>

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VILLAGE OF KILDEER, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2010

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 6, 2009.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2010, 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, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Other Local Sources			
Interest			
Total Revenues	\$ -	\$ -	\$ 446
EXPENDITURES			
Total Expenditures	\$ -	\$ -	\$ -
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 446
FUND BALANCE - MAY 1, 2009	-	-	530,191
FUND BALANCE - APRIL 30, 2010	\$ -	\$ -	\$ 530,637

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