

**VILLAGE OF ELWOOD, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
APRIL 30, 2006**

Prepared by Finance Department:

**Roberta Day  
Treasurer**



# VILLAGE OF ELWOOD, ILLINOIS

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of Elwood, Illinois including:

- List of Principal Officials
- Organization Chart.
- Certificate of Achievement for Excellence in Financial Reporting
- Letter of Transmittal



## **VILLAGE OF ELWOOD, ILLINOIS**

### **List of Principal Officials**

**April 30, 2006**

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#### **VILLAGE PRESIDENT**

**Robert T. Blum**

#### **VILLAGE BOARD OF TRUSTEES**

Janice Ruban

Charles Bernhard

Walter Strawn

Mary Matichak

Ray Attwood

Jodi Kirinich

#### **VILLAGE CLERK**

**Patricia Buchenau**

#### **DEPARTMENT HEADS**

Village Administrator

Aimee Ingalls

Village Treasurer

Roberta Day

Chief of Police

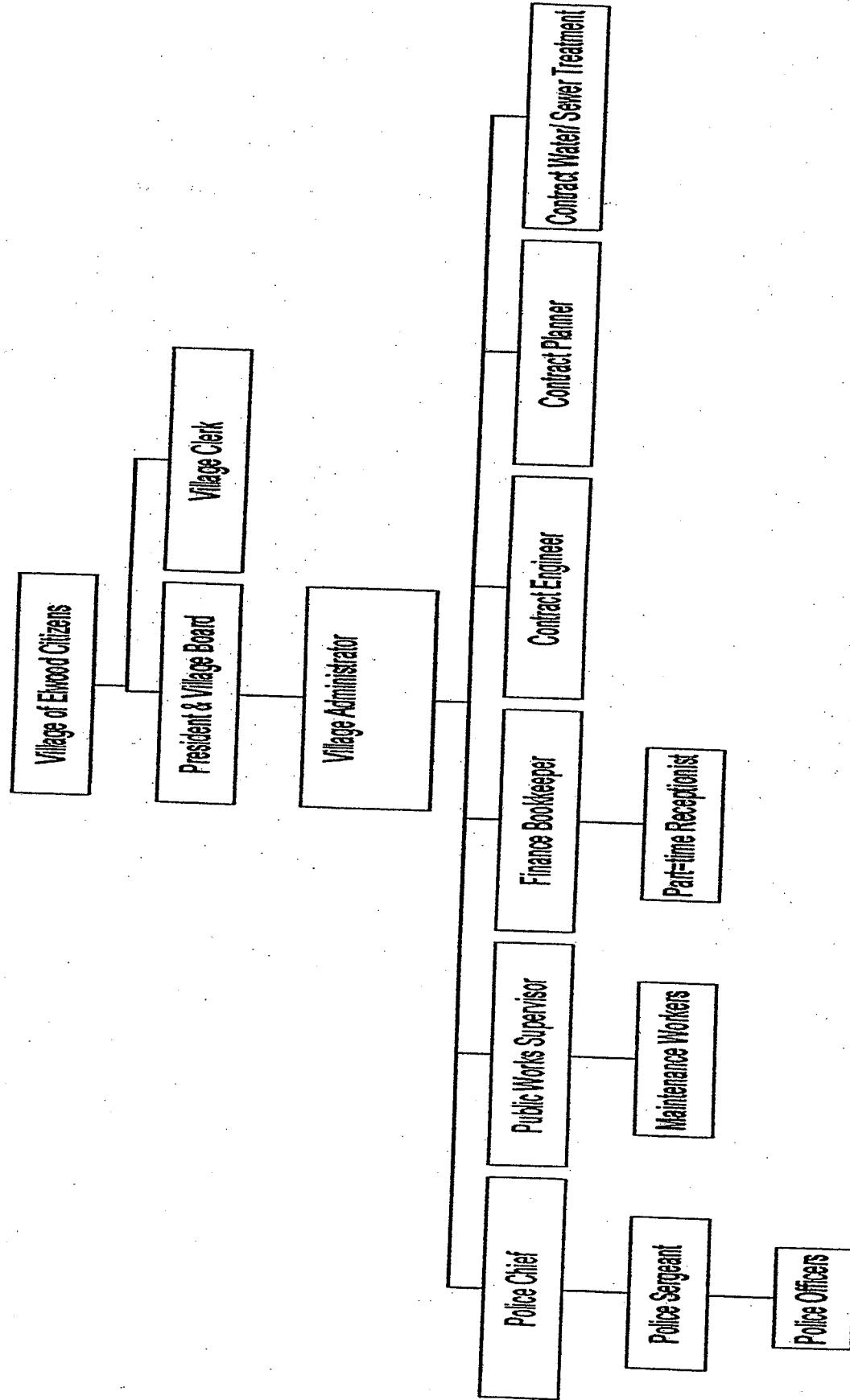
David Albert

Director of Public Works

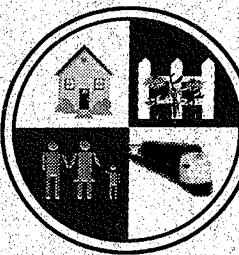
Scott Haywood



## Village of Elwood







## Village of Elwood

• Established 1889 •

Proud of our past, Building our future.

P.O. Box 435 Elwood, IL 60421 • (815) 423-5011 • Fax: (815) 423-6861

August 16, 2006

To the Citizens of the Village of Elwood:

We submit to you the Comprehensive Annual Financial Report of the Village of Elwood for the fiscal year ended April 30, 2006. The responsibility for the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the Village of Elwood's Administrative Department. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and gives an accurate representation of the financial position and results of operations of the various funds of the Village. All disclosures necessary to enable the reader to understand the funds of the Village are included. All disclosures necessary to enable the reader to gain the maximum understanding of the Village's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: *Introductory*, *Financial* and *Statistical*. The *Introductory* section includes this transmittal letter, the Village's organizational chart and a list of principal officials. The *Financial* section includes:

- The independent auditor's report on the financial statements and schedules
- Basic financial statements
- Notes to the financial statements
- Combining statements
- Individual fund statements
- Supplemental information

The *Statistical* section includes selected financial and demographic information, generally presented on a multi-year basis.



The Village provides a full range of services. These services include:

- Administration
- Legal
- Community development
- Police protection
- Construction and maintenance of roads, streets and infrastructure
- Water distribution
- Wastewater treatment

#### **ECONOMIC CONDITION AND OUTLOOK**

The Village is located in the western portion of Will County, which is ranked as one of the top growth areas in the nation. It is located approximately thirty-five miles southwest of Chicago. Housing construction in the past (5) five years has seen some positive changes in the Village's economic future. In addition, the second largest industrial park in the nation is located within a tax increment financing district within the Village's western border.

The estimated actual value of property in the Village has increased by 10.76% in 2006. Current projections again anticipate a growth rate in 2006 of approximately 10.00% based on preliminary assessment information. When comparing this growth rate to the prior ten years, which averaged 15.00% from 1997 through 2006, it appears that the majority of the property in the Village is still to be developed; future development will occur on a sporadic basis.

In FYE 2006, utility tax revenue increased by \$ 57,941 or 22.98%. This compares to a \$37,791 increase or 17.75% during the previous fiscal year. Utility tax provided approximately 12.9% of the total General Fund operating revenue in FYE 2006 as compared with 18.50% in FYE 2005.

#### **OTHER ECONOMIC CONDITIONS EXPECTED**

Housing developments will increase consistent with the growth in the rest of western Will County. Two (2) major projects are planned for upscale developments.

Currently, employment in Will County remains relatively similar to the state and national level, with a 4.3% unemployment rate in the county as of May 2006. This compares to a statewide rate of 5.0% and a national average of 4.7%. The local unemployment rate has decreased from the rate reported last year. The Bureau of Labor Statistics supplies this information to the Village.

#### **MAJOR INITIATIVES**

The Village has accomplished many major initiatives during FYE 2006. Some of the accomplishments that the elected officials and staff are most proud of are described in the following. Planning of the new Village Hall, major construction projects on many Village thoroughfares, and a new water and wastewater treatment plant.

## **DEPARTMENT FOCUS**

Over the past fiscal year the Village has expanded the Public Works Department to accommodate the growth in the community. The Village added the first Public Works Supervisor, part time seasonal staff, and a maintenance worker. In addition, the department added a salt storage garage, dump truck & plow, and utility vehicle.

## **FINANCIAL INFORMATION**

Management of the Village is responsible for establishing and maintaining an internal control structure. This structure is designed to ensure that the assets of the Village are protected from loss, theft or misuse. It is also designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The Village's accounting records for governmental and agency funds are maintained on a modified accrual basis, which means revenues are recorded when they become measurable and available and expenditures are recorded when the fund liability is incurred. Accounting records for the Village's enterprise are maintained on a full accrual basis.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**BUDGETING CONTROLS** In addition, the Village maintains budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Village Board. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, certain Capital Projects Funds, Enterprise Funds and Tax Increment Financing Funds are included in the annual operational budget. Project length financial plans are prepared for the Capital Projects Funds and are published in a separate document. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established at the individual fund level.

As demonstrated by the statements and schedules included in the financial section of this report, the Village continues to meet its responsibility for sound financial management.

**GENERAL GOVERNMENT FUNCTIONS** The following schedule presents a summary of General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds revenues for the fiscal year ended April 30, 2006, for the primary government of the Village, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues by Source	2005	2006	Increase (Decrease) over 2005	2006 Percent of Total
Taxes	\$ 3,538,069	\$ 4,449,755	\$ 911,686	25.77%
Charges for Services	2,737,438	3,361,818	624,380	22.81%
Licenses & Permits	172,993	481,353	308,360	178.25%
Intergovernmental	536,644	547,394	10,750	2.00%
Fines and Forfeits	93,812	116,919	23,107	24.63%
Interest Income	125,688	224,495	98,807	78.61%
Miscellaneous	51,434	144,129	92,695	180.22%
Total	<u>\$ 7,256,078</u>	<u>\$ 9,325,863</u>	<u>\$ 2,069,785</u>	<u>28.52%</u>

Taxes increased by \$911,686 or 25.77% due primarily to the property taxes in the TIF district, non governmental groups and in utility taxes.

Licenses and permits increased by \$ 308,360 or 178.25% due to increased development in the TIF district and throughout the village.

Intergovernmental Revenues increased slightly by \$10,750 or 2.00% over FYE 2005.

Interest Income increased by \$98,807 or 78.61% due to substantially higher cash balances and better investment practices.

Finally, Miscellaneous Revenue increased in FYE 2005 by \$92,695 or 180.22% due primarily to an increase in miscellaneous revenues in the General Fund.

Expenses	2005	2006	Increase (Decrease) over 2005	2006 Percent of Total
General Government	\$ 927,477	\$ 1,530,702	\$ 603,225	65.04%
Public Safety	689,769	1,011,725	321,956	46.68%
Public Works	424,632	500,530	75,898	17.87%
Parks and Recreation	74,198	69,450	(4,748)	-6.40%
Capital Outlay	7,481,335	5,489,388	(1,991,947)	-26.63%
Debt Service	2,285,264	4,043,636	1,758,372	76.94%
Total	<u>\$ 11,882,675</u>	<u>\$ 12,645,431</u>	<u>\$ 762,756</u>	<u>6.42%</u>

There was a \$ 762,756 or 6.42% increase in expenditures for General Government, Public Safety, and Highways & Streets in FYE 2006. This was due primarily to additional projects and staff needs due to growth.

Expenditures for Capital Outlay decreased in FYE 2006 by \$1,991,947 or 26.63%. This increase was entirely due to decreased construction activity particularly with regards to the CenterPoint Phase I and Road Improvements Funds.

**GENERAL FUND BALANCE** The fund balance in the General Fund increased in FYE 2006 by \$364,199 or 82.94%. This balance is 36% of expenses, Village policy calls for 25% balance.

**ENTERPRISE OPERATIONS** The Village's enterprise operations include the Waterworks and Sewerage Fund and the Garbage Fund. The Waterworks and Sewerage Fund experienced a net operating loss pending a settlement with a major developer in the TIF district.

**DEBT ADMINISTRATION** The Village issued two (2) bonds Series 2005 and 2006 General Obligation Bonds in the amount of \$13,037,752 for the acquisition and construction of major capital projects. In addition, the Village received a first time bond rating of BBB+ from Standard and Poor's. Because the Village is a Home Rule community it does not have a legal debt limit.

**CASH MANAGEMENT** Cash temporarily idle during the year was invested in investment pools. The Village's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are insured by federal depository insurance. However, policy requires all investments to be collateralized. The Village's investment management is in transition with a number of changes expected in coming years and a comprehensive review of the Village's investment policy is anticipated.

**RISK MANAGEMENT** The Village entered into a contractual agreement effective January 1, 1986, joining the Illinois Municipal League Risk Management Agency (IMLRisk), which provides the Village with its insurance coverage for liability, property damage, workmen's compensation, and all other lines of coverage. IRMA is a self-insurance group consisting several municipalities, pooling their risks through a self-insurance agency. During 2006, the Village continued low claim experience through innovative loss control programs.

**INDEPENDENT AUDIT** State statute requires an annual audit by independent certified public accountants. The Village selected the accounting firm of Lauterbach and Amen, LLP. The auditor's report on the basic financial statements is included in the financial section of this report.

**AWARDS** The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governmental entities for their Comprehensive Annual Financial Report (CAFR) for each fiscal year. This is second year the Village is applying for the prestigious award. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

**ACKNOWLEDGEMENTS** The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire administrative staff. Each member has our sincere appreciation for the contributions made in preparation of this report. Particular recognition should be given to Robbie Day, Accountant/ Bookkeeper, and Pat Buchenau, Village Clerk for their hard work and dedication in completing this report.

In addition, the Village wishes to recognize the staff of the firm of Lauterbach and Amen, LLP, whose professionalism and cooperation is sincerely appreciated. In closing, we would like to thank the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the Village in a responsible and progressive manner. Without their leadership and ongoing support, preparation of this report would not have been possible.

Sincerely,



Aimee Ingalls  
Village Administrator



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Elwood,  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
April 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Judge*

President

*Jeffrey R. Ecker*

Executive Director



## **FINANCIAL SECTION**

This section includes:

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



## INDEPENDENT AUDITORS' REPORT

July 5, 2006

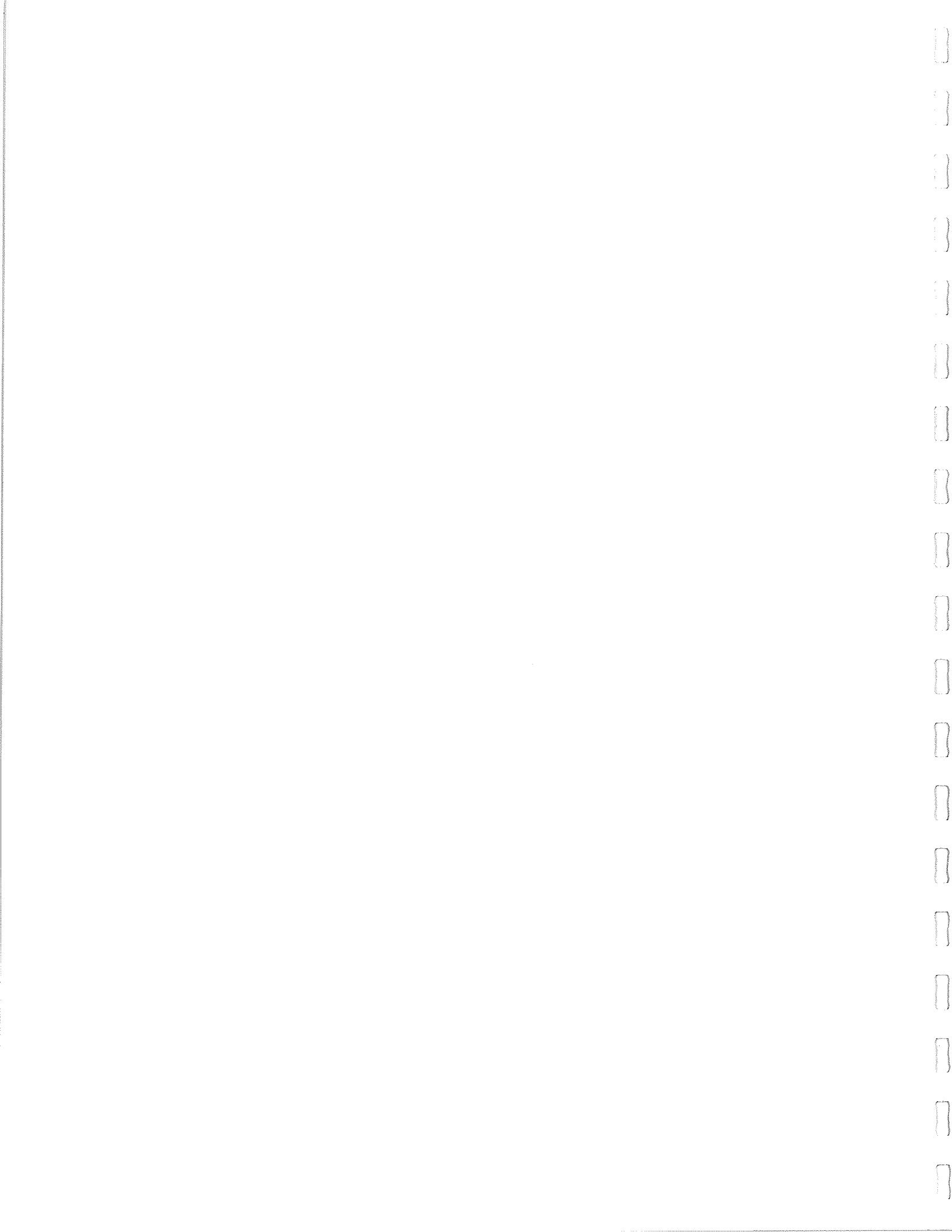
The Honorable Village President  
Members of the Board of Trustees  
Village of Elwood, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Elwood, as of and for the year ended April 30, 2006, which collectively comprise the Village of Elwood's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Elwood, Illinois' management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Village of Elwood, Illinois as of April 30, 2006, and the results of its operations and the cash flows of its business type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund schedules, as well as the information listed as supplemental and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Elwood, Illinois. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.



Village of Elwood, Illinois

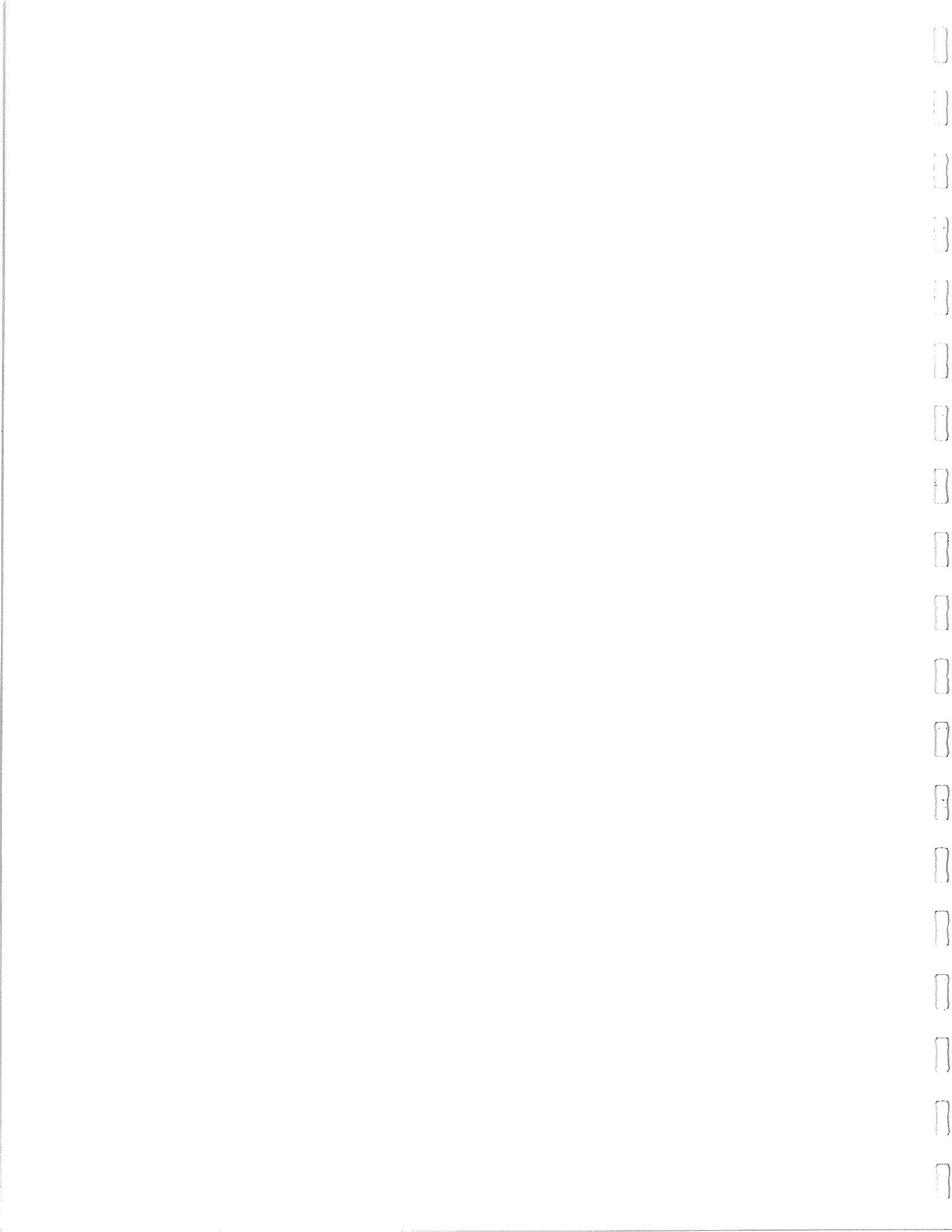
July 5, 2006

Page 2

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 basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

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

*Lauterbach & Amen LLP*  
LAUTERBACH & AMEN, LLP



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# **VILLAGE OF ELWOOD, ILLINOIS**

## **Management's Discussion and Analysis**

**April 30, 2006**

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Our discussion and analysis of the Village of Elwood's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2006. Please read it in conjunction with the transmittal letter that begins on page iii and the Village's financial statements, which begin on page 15.

### **FINANCIAL HIGHLIGHTS**

- The Village of Elwood's total net assets decreased as a result of this year's operations by \$9,944,362. Net assets of governmental activities decreased \$9,403,924, while net assets of business-type activities decreased \$540,438.
- During the year, expenses were \$9.4 million more than the \$9.3 million generated in revenues for governmental programs.
- Revenues for business-type activities were \$1.3 million while expenses were \$1.8 million.
- The General Fund reported a surplus this year of \$364,199, resulting in an ending fund balance of \$803,333.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 15 - 18) provide information about the activities of the Village of Elwood as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 19. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village of Elwood's operation in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

#### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the Village of Elwood's finances, in a manner similar to a private-sector business. The government wide financial statements can be found on pages 15 - 18 of this report.

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

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Management's Discussion and Analysis**

**April 30, 2006**

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#### **USING THIS ANNUAL REPORT – Continued**

##### **Government-Wide Financial Statements – Continued**

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and 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, public works, and parks and recreation. The business-type activities of the Village include water and sewer and garbage operations.

#### **Fund Financial Statements**

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

##### **Governmental Funds**

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

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

The Village of Elwood maintains eleven 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, Deer Run TIF Fund, CenterPoint Phase I Fund, Road Improvements Fund, Capital Construction Bond Fund and Village Hall Construction Fund, all of which are considered major funds.

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Management's Discussion and Analysis**

**April 30, 2006**

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#### **USING THIS ANNUAL REPORT – Continued**

##### **Fund Financial Statements – Continued**

##### **Governmental Funds – Continued**

Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village of Elwood adopts an annual appropriated budget for all of the governmental funds, except the Road Improvements Fund. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 19 - 23 of this report.

##### **Proprietary Funds**

The Village maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes enterprise funds to account for its water and sewer, and garbage operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Garbage Fund. The Water and Sewer Fund is considered to be a major proprietary fund of the Village, while the Garbage Fund is considered to be a non-major fund. The basic proprietary fund financial statements can be found on pages 25 - 27 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 28 - 50 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 I.M.R.F. employee pension obligations. Required supplementary information can be found on pages 52 - 54 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on the pension. Combining and individual fund statements and schedules can be found on pages 55 - 79 of this report.

# VILLAGE OF ELWOOD, ILLINOIS

## Management's Discussion and Analysis April 30, 2006

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village of Elwood, assets exceeded liabilities by \$1.0 million.

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 18,213,985	7,598,468	1,768,680	2,216,700	19,982,665	9,815,168
Capital Assets	123,345,351	120,300,300	23,470,809	23,252,237	146,816,160	143,552,537
Total Assets	141,559,336	127,898,768	25,239,489	25,468,937	166,798,825	153,367,705
Long-Term Debt Outstanding	140,888,806	121,251,208	14,500,000	14,500,000	155,388,806	135,751,208
Other Liabilities	10,031,510	6,604,616	358,308	47,318	10,389,818	6,651,934
Total Liabilities	150,920,316	127,855,824	14,858,308	14,547,318	165,778,624	142,403,142
Net Assets						
Invested in Capital Assets,						
Net of Debt	11,652,801	(4,643,933)	8,970,809	23,252,237	20,623,610	18,608,304
Restricted	1,703,193	1,933,592	-	-	1,703,193	1,933,592
Unrestricted (Deficit)	(22,716,974)	2,753,285	1,410,372	(12,330,618)	(21,306,602)	(9,577,333)
Total Net Assets	(9,360,980)	42,944	10,381,181	10,921,619	1,020,201	10,964,563

By far the largest portion of the Village of Elwood's net assets reflects its investment in capital assets of \$20.6 million (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village of Elwood uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Elwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion or \$1.7 million of the Village of Elwood's net assets represents resources that are subject to external restrictions on how they may be used. The remaining net assets represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors. From the chart above, the Village's net assets invested in capital assets net of related debt have increased 10.83% while the Village's unrestricted net assets have decreased 122.47%, due primarily to accretion expense on the capital appreciation bonds outstanding.

# VILLAGE OF ELWOOD, ILLINOIS

## Management's Discussion and Analysis April 30, 2006

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Assets					
	Governmental		Business-type			
	Activities		Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 3,960,090	3,004,243	853,821	628,443	4,813,911	3,632,686
Operating Grants/Contrib.	46,550	50,837	-	80,718	46,550	131,555
Capital Grants/Contrib.	50,000	167,369	376,169	836,661	426,169	1,004,030
General Revenues						
Property Taxes	4,139,633	3,285,888	-	-	4,139,633	3,285,888
Utility Taxes	310,122	252,181	-	-	310,122	252,181
Sales Taxes	297,821	196,516	-	-	297,821	196,516
Income Taxes	153,023	121,922	-	-	153,023	121,922
Other General Revenues	368,624	177,122	62,179	8,274	430,803	185,396
Total Revenues	<b>9,325,863</b>	<b>7,256,078</b>	<b>1,292,169</b>	<b>1,554,096</b>	<b>10,618,032</b>	<b>8,810,174</b>
<b>Expenses:</b>						
General Government	1,582,783	917,834	-	-	1,582,783	917,834
Public Safety	1,004,814	667,761	-	-	1,004,814	667,761
Public Works	2,938,655	416,868	-	-	2,938,655	416,868
Parks and Recreation	69,450	74,198	-	-	69,450	74,198
Interest on Long-Term Debt	13,134,085	11,703,839	-	-	13,134,085	11,703,839
Waterworks and Sewerage	-	-	1,715,996	1,453,781	1,715,996	1,453,781
Garbage	-	-	116,611	110,181	116,611	110,181
Total Expenses	<b>18,729,787</b>	<b>13,780,500</b>	<b>1,832,607</b>	<b>1,563,962</b>	<b>20,562,394</b>	<b>15,344,462</b>
Change in Net Assets	(9,403,924)	(6,524,422)	(540,438)	(9,866)	(9,944,362)	(6,534,288)
Net Assets-Beginning	<b>42,944</b>	<b>6,567,366</b>	<b>10,921,619</b>	<b>10,931,485</b>	<b>10,964,563</b>	<b>17,498,851</b>
Net Assets-Ending	<b>(9,360,980)</b>	<b>42,944</b>	<b>10,381,181</b>	<b>10,921,619</b>	<b>1,020,201</b>	<b>10,964,563</b>

Net assets of the Village of Elwood's governmental activities decreased substantially (negative \$9.3 million compared to \$0.04 million). This deficit arose primarily because of accretion expense in the current year on the capital appreciation bonds outstanding.

Net assets of business-type activities remained virtually unchanged, posting a slight decrease of \$0.6 million. The Village of Elwood generally can only use these net assets to finance the continuing operations of the water and sewer and garbage operations.

#### Governmental Activities

Revenues for governmental activities were \$9.3 million for the year, with the largest portion of revenue coming from property taxes (\$4.1 million). Total expenses for the year were \$18.7 million with the largest portion coming from the interest expense on long-term debt (\$13.1 million).

# VILLAGE OF ELWOOD, ILLINOIS

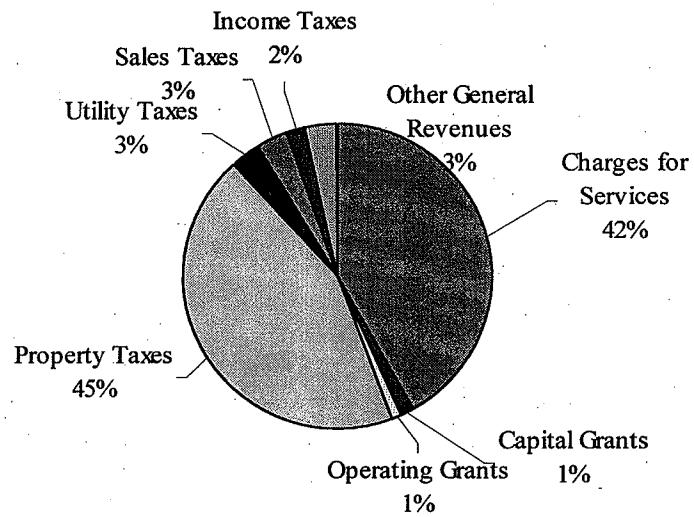
## Management's Discussion and Analysis April 30, 2006

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

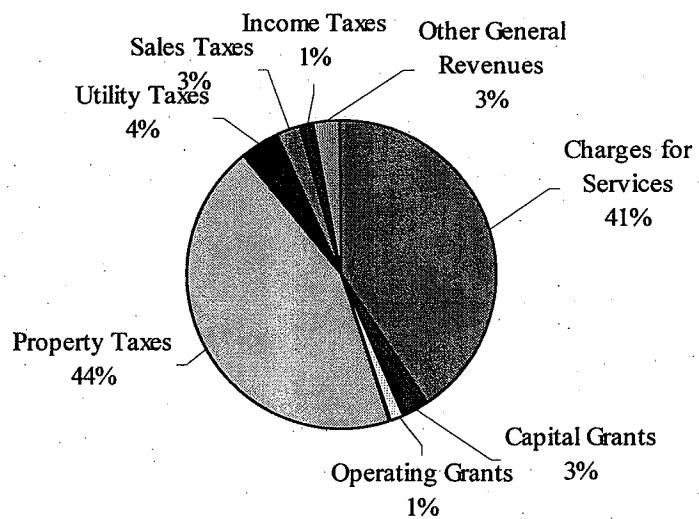
#### Governmental Activities – Continued

The main reason for the large amount of interest on long-term debt is related to the bond issue of accretion expense on the capital appreciation bonds outstanding at the end of the year.

#### Revenues by Source - Governmental Activities at April 30, 2006



#### Revenues by Source - Governmental Activities at April 30, 2005



# VILLAGE OF ELWOOD, ILLINOIS

## Management's Discussion and Analysis April 30, 2006

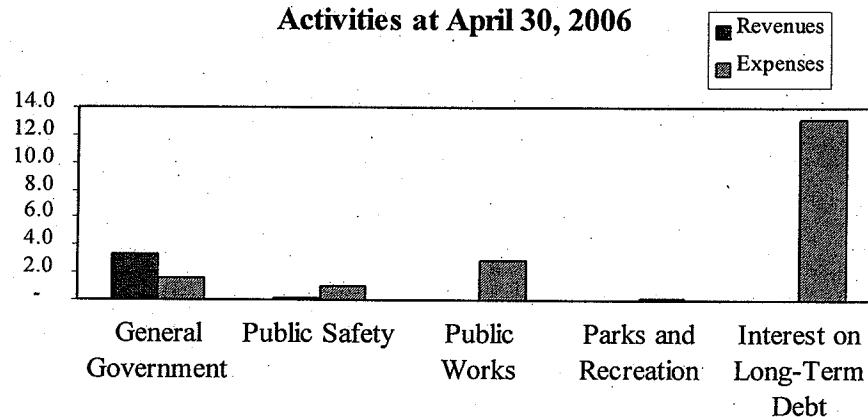
### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

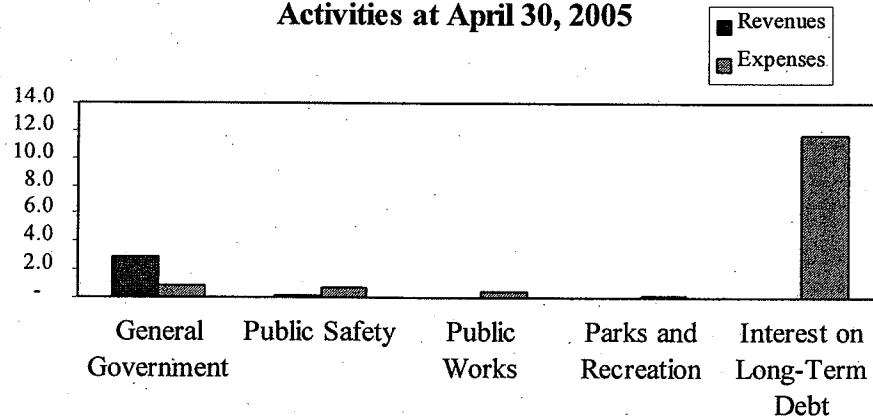
The 'Revenues by Source' Tables graphically depicts the major revenue sources of the Village of Elwood. It depicts very clearly the reliance of property taxes (45% in 2006 and 44% in 2005) and charges for services (42% in 2006 and 41% in 2005) to fund governmental activities. It also clearly identifies the minor percentage the Village receives from sales taxes (only 3% in both 2006 and 2005).

Under the Board's leadership and the cooperation of the industrial park, there continues to be an effort to develop and expand the TIF District and develop capital infrastructure improvements to assist in that effort. It is then anticipated that the Village will see significant increases in sales tax revenues in the future.

**Expenses and Program Revenues - Governmental Activities at April 30, 2006**



**Expenses and Program Revenues - Governmental Activities at April 30, 2005**



## VILLAGE OF ELWOOD, ILLINOIS

### Management's Discussion and Analysis April 30, 2006

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

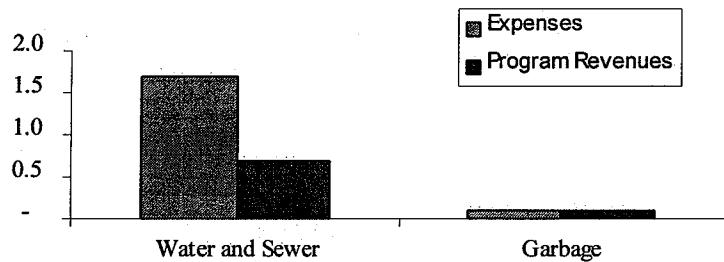
#### Governmental Activities – Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues. From the table, it can be noted that only the general government function has enough revenues to meet program expenses. Particularly, the \$3,267,079 in revenues exceeds the \$1,582,783 in expenses by \$1,684,296. None of the remaining governmental functions are able to cover function expenditures.

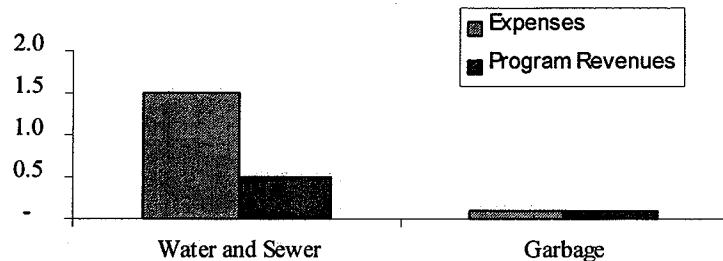
#### Business-Type Activities

Total revenues of the Village's business-type activities were \$1.3 million, while expenses were \$1.8 million, resulting in a decrease in net assets at the end of the year. The table below compares program revenues and expenditures for the Water and Sewer Fund and the Garbage Fund. The Water and Sewer activities are not charging sufficient user fees to cover expenses, although in addition to the \$0.8 million in charges for services, the Village also received \$0.4 million in capital grants/contributions.

**Expenses and Program Revenues - Business-Type Activities at April 30, 2006**



**Expenses and Program Revenues - Business-Type Activities at April 30, 2005**



The above graph compares program revenues to expenses for water and sewer operations, and garbage operations.

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Management's Discussion and Analysis**

**April 30, 2006**

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### **GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

#### **Business-Type Activities – Continued**

From the table it can be noted that the Garbage function is charging the appropriate service charge to cover the garbage expenses, while the Water and Sewer program revenues account for only 50% of the water and sewer program expenses (\$726,974 in charges for services, compared to \$1,715,996 in expenses).

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

#### **Governmental Funds**

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

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$14,309,656, which is significantly higher than last year's governmental fund balances of \$4,726,590. Included in this year's total change in fund balance, however, is a surplus of \$803,333 in the General Fund, and a surplus of \$7,849,620 in the CenterPoint Phase I Fund and a surplus of \$6,714,935 in the Village Hall Fund. The surpluses reported in the later two funds were the result of bond issuances for future capital improvements.

In addition, these other changes in fund balances should be noted:

- The Village spent \$2,521,326 this year on the road reconstruction projects in the CenterPoint Phase I Fund. A transfer of bond proceeds was made to the same fund, as well as developer contributions, which resulted in the fund posting an increase to fund balance of \$2,706,845. The Village Hall Construction Fund posted an increase of \$6,714,935 to fund balance, primarily from unspent bond proceeds.
- Motor fuel tax funds, provided by the State, can only be used to replace, maintain, or improve the Village's roads. This year \$54,295 was added to a fund balance of \$355,611 to be used for future projects, resulting in ending fund balance of \$409,906.

#### **Proprietary Funds**

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

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Management's Discussion and Analysis**

**April 30, 2006**

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### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued**

#### **Proprietary Funds – Continued**

The Village reports the Water and Sewer Fund as a major proprietary fund. This fund accounts for all of the operations of the municipal water and sewer system. Water is sold to all municipal customers at a flat rate of \$28.27 for first 2,000 gallons and \$1.60 per thousand gallons thereafter. The spread between purchase and sale rates is intended to finance the operations of the waterworks and sewerage system, including labor costs, supplies, and infrastructure maintenance. The Village intends to run the fund at a breakeven rate, with a future anticipated contribution from the developer of the industrial park.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual charges to appropriations (expenditures) were \$969,830 above the final budget amounts. The most significant positive variance (\$1,025,098) occurred in administration, due to pending developer reimbursements and increased building inspection activity.

Resources available for appropriation (revenues) were \$1,285,852 over the budgeted amount, primarily due to increases in utility tax, sales tax, building permits, and developer reimbursements revenues.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The Village of Elwood's investment in capital assets for its governmental and business type activities as of April 30, 2006 was \$146,816,160 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, park facilities, roads, sidewalks, and bridges. The total increase in the Village's investment in capital assets for the current fiscal year was \$3.3 million, or a 2.27 percent over the prior year.

	Capital Assets - Net of Accumulated Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 50,000	50,000	1,909,500	1,909,500	1,959,500	1,959,500
Buildings and Improvements	-	-	11,329,017	11,648,714	11,329,017	11,648,714
Machinery & Equipment	442,213	338,694	78,243	96,764	520,456	435,458
Infrastructure	122,853,138	119,911,606	10,154,049	9,597,259	133,007,187	129,508,865
<b>Total</b>	<b>123,345,351</b>	<b>120,300,300</b>	<b>23,470,809</b>	<b>23,252,237</b>	<b>146,816,160</b>	<b>143,552,537</b>

# VILLAGE OF ELWOOD, ILLINOIS

## Management's Discussion and Analysis April 30, 2006

### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

#### Capital Assets – Continued

This year's major additions included:

Three (3) police vehicles	\$ 52,635
Streets truck	17,469
Snow removal truck	104,000
Tractor	30,200
Waterworks and sewerage improvements	752,220
Street construction and improvements	<u>5,489,390</u>
	<u>6,445,914</u>

The fiscal year 2007 capital budget includes \$2,447,923 for capital projects, principally for the completion of its Mississippi Avenue reconstruction project and Chicago, St. Louis, Jackson, Matteson Streets.

Additional information on the Village's capital assets can be found in note 3 on pages 41 - 43 of this report.

#### Debt Administration

At year-end, the Village had total outstanding bonded debt of \$161.4 million as compared to \$139.4 million the previous year, resulting in a 15.7 percent increase from the prior year. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Capital Leases	\$ 127,232	-	-	-	127,232	-
General Obligation Bonds	6,715,000	-	-	-	6,715,000	-
General Obligation Capital Appreciation Bonds	6,246,538	-	-	-	6,246,538	-
TIF Notes Payable	133,803,629	124,947,957	-	-	133,803,629	124,947,957
Loans Payable	-	-	14,500,000	14,500,000	14,500,000	14,500,000
Total	146,892,399	124,947,957	14,500,000	14,500,000	161,392,399	139,447,957

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Management's Discussion and Analysis**

**April 30, 2006**

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### **CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued**

#### **Debt Administration – Continued**

The Village of Elwood has been rated by Standard & Poor's for alternate revenue bonds at (BBB+) general obligation debt. As a home-rule unit, no legal limit exists on the amount of debt that can be outstanding.

Additional information on the Village's long-term debt can be found in Note 3 on pages 43 – 49 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2007 appropriation, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. Unemployment rates for April 30, 2006 for the Village of Elwood (Will County) is 4.3 percent, which is over the state unemployment rate of 5.0 percent and the national unemployment rate of 4.7 percent.

Inflation increases in the metropolitan area continue to be somewhat higher than the national Consumer Price Index (CPI) increases. The metropolitan CPI increase was 3.5 percent for fiscal year 2006 compared with the national rate of 3.0 percent.

These indicators were taken into account when adopting the General Fund budget for 2007. Amounts available for appropriation in the General Fund budget are \$15,144,133, an increase of 168.44% over the final 2006 budget of \$8,990,616 basically due to a number of capital construction. The sales tax base of the Village of Elwood continues to remain stable, allowing the Village of Elwood to budget consistently for fiscal year 2007. Property taxes increased slightly and utility taxes are expected to lead further increases. Budgeted expenditures are expected to increase nearly 168.44 percent, due to additional construction and additional programs in the 2007 budget, including tree replacement, leak detection, sanitary sewer televising, and valve testing.

### **REQUESTS FOR INFORMATION**

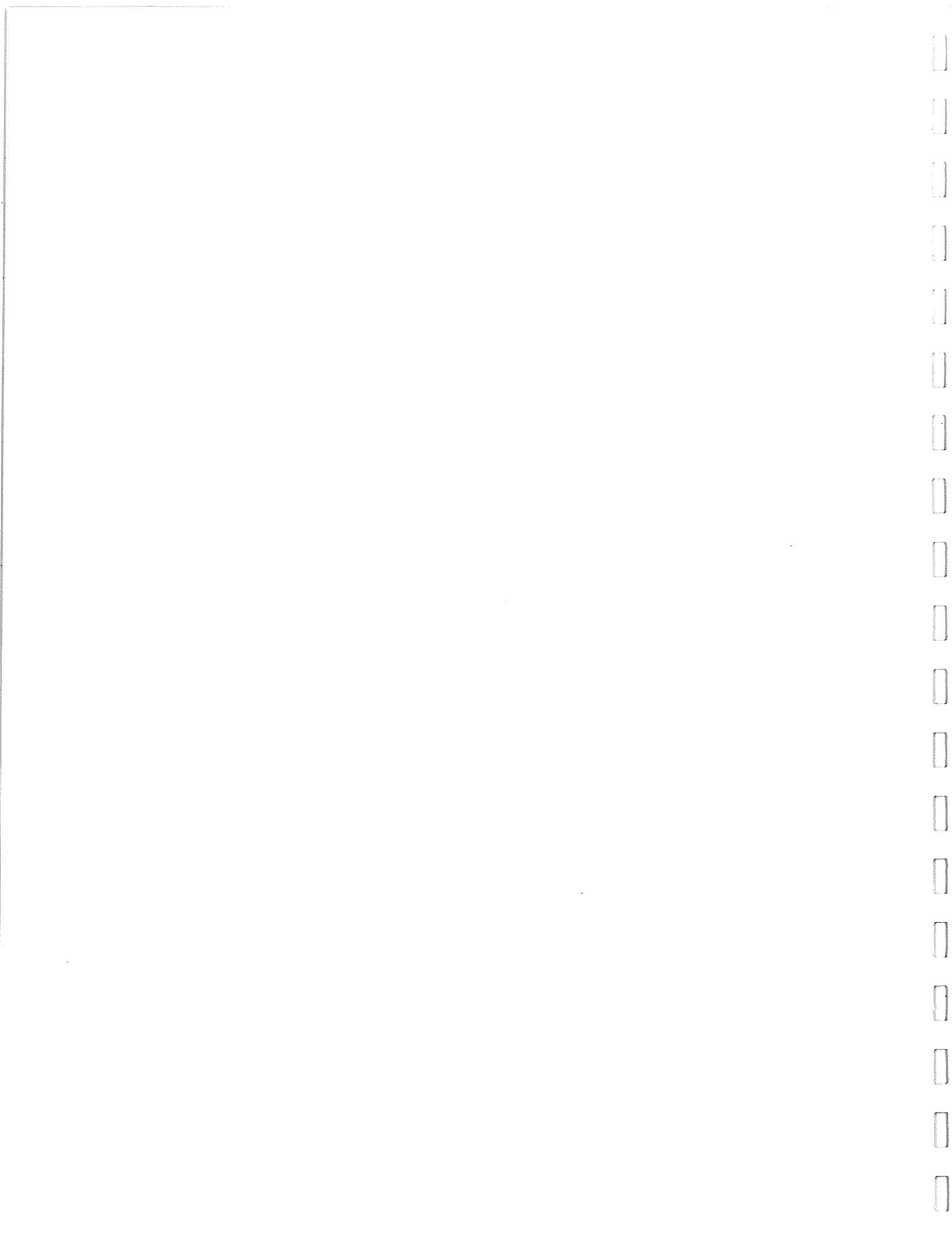
This financial report is designed to provide a general overview of the Village of Elwood's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Finance Office, Village of Elwood, P.O. Box 435, Elwood, Illinois, 60421.

## **BASIC FINANCIAL STATEMENTS**

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

- Government-wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Funds

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



**VILLAGE OF ELWOOD, ILLINOIS**

**Statement of Net Assets**

**April 30, 2006**

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**See Following Page**

**VILLAGE OF ELWOOD, ILLINOIS****Statement of Net Assets****April 30, 2006**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 14,224,973	1,474,500	15,699,473
Receivables - net	3,977,409	279,998	4,257,407
Prepays	11,603	14,182	25,785
	<b>18,213,985</b>	<b>1,768,680</b>	<b>19,982,665</b>
<b>Capital Assets</b>			
Nondepreciable	50,000	1,909,500	1,959,500
Depreciable	126,411,061	23,305,053	149,716,114
Accumulated depreciation	(3,115,710)	(1,743,744)	(4,859,454)
	<b>123,345,351</b>	<b>23,470,809</b>	<b>146,816,160</b>
<b>Total Assets</b>	<b>141,559,336</b>	<b>25,239,489</b>	<b>166,798,825</b>

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

	Governmental Activities	Business- Type Activities	Total
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## LIABILITIES

### Current Liabilities

Accounts payable	379,178	33,820	412,998
Accrued interest payable	48,641	324,488	373,129
Arbitrage payable	69,348	-	69,348
Unearned revenues	3,455,803	-	3,455,803
Current portion of long-term debt	6,078,540	-	6,078,540
	10,031,510	358,308	10,389,818

### Noncurrent Liabilities

Compensated absences payable	59,958	-	59,958
Capital leases payable	103,343	-	103,343
General obligation bonds payable	6,715,000	-	6,715,000
Capital appreciation bonds payable	6,246,538	-	6,246,538
Loans payable	-	14,500,000	14,500,000
TIF notes payable	127,763,967	-	127,763,967
	140,888,806	14,500,000	155,388,806
Total Liabilities	150,920,316	14,858,308	165,778,624

## NET ASSETS

Invested in Capital Assets - Net of Related Debt	11,652,801	8,970,809	20,623,610
Restricted - special revenues	780,746	-	780,746
Restricted - debt service	922,447	-	922,447
Unrestricted	(22,716,974)	1,410,372	(21,306,602)
Total Net Assets	(9,360,980)	10,381,181	1,020,201

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

**VILLAGE OF ELWOOD, ILLINOIS**

**Statement of Activities**  
**Year Ended April 30, 2006**

			Program Revenues	
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contribution
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 1,582,783	3,826,513	-	-
Public safety	1,004,814	116,919	-	-
Public works	2,938,655	-	46,550	50,000
Parks and recreation	69,450	16,658	-	-
Interest on long-term debt	13,134,085	-	-	-
<b>Total Governmental Activities</b>	<b>18,729,787</b>	<b>3,960,090</b>	<b>46,550</b>	<b>50,000</b>
<b>Business-Type Activities</b>				
Water and Sewer	1,715,996	726,974	-	376,169
Garbage	116,611	126,847	-	-
<b>Total Business-Type Activities</b>	<b>1,832,607</b>	<b>853,821</b>	<b>-</b>	<b>376,169</b>
	<b>20,562,394</b>	<b>4,813,911</b>	<b>46,550</b>	<b>426,169</b>

**General Revenues**

**Taxes**

Property taxes

Utility taxes

**Intergovernmental**

Sales taxes

Income taxes

Interest income

Miscellaneous

**Change in Net Assets**

**Net Assets - Beginning**

**Net Assets - Ending**

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

Net Expense/Revenue		
Governmental Activities	Business-Type Activities	Total
2,243,730	-	2,243,730
(887,895)	-	(887,895)
(2,842,105)	-	(2,842,105)
(52,792)	-	(52,792)
(13,134,085)	-	(13,134,085)
<u>(14,673,147)</u>	<u>-</u>	<u>(14,673,147)</u>
	(612,853)	(612,853)
	10,236	10,236
	<u>(602,617)</u>	<u>(602,617)</u>
<u>(14,673,147)</u>	<u>(602,617)</u>	<u>(15,275,764)</u>
4,139,633	-	4,139,633
310,122	-	310,122
297,821	-	297,821
153,023	-	153,023
224,495	62,179	286,674
144,129	-	144,129
<u>5,269,223</u>	<u>62,179</u>	<u>5,331,402</u>
<u>(9,403,924)</u>	<u>(540,438)</u>	<u>(9,944,362)</u>
42,944	10,921,619	10,964,563
<u>(9,360,980)</u>	<u>10,381,181</u>	<u>1,020,201</u>

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

**VILLAGE OF ELWOOD, ILLINOIS**

**Balance Sheet - Governmental Funds**  
**April 30, 2006**

	General	Deer Run TIF	Center Point Phase I
<b>ASSETS</b>			
Cash and investments	\$ 406,646	971,088	5,104,427
Receivables - net of allowances			
Property taxes	124,747	3,325,821	-
Other taxes	523,285	-	-
Prepays	11,603	-	-
<b>Total Assets</b>	<b>1,066,281</b>	<b>4,296,909</b>	<b>5,104,427</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	132,966	-	232,238
Arbitrage payable			-
Unearned revenues	129,982	3,325,821	-
Total Liabilities	<b>262,948</b>	<b>3,325,821</b>	<b>232,238</b>
Fund Balances			
Reserved - prepaid items	11,603	-	-
Reserved - debt service	-	971,088	-
Reserved - road improvements	-	-	-
Reserved - road reconstruction	-	-	-
Unreserved - designated - capital improvements			
General	93,943	-	-
Unreserved - undesignated			
General	697,787	-	-
Special revenue	-	-	-
Capital projects	-	-	4,872,189
Total Fund Balances	<b>803,333</b>	<b>971,088</b>	<b>4,872,189</b>
<b>Total Liabilities and Fund Balances</b>	<b>1,066,281</b>	<b>4,296,909</b>	<b>5,104,427</b>

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

Road Improvements	Capital Construction Bond	Village Hall Construction	Nonmajor Governmental Funds	Total Governmental Funds
153,332	16,196	6,784,283	789,001	14,224,973
-	-	-	-	3,450,568
-	-	-	3,556	526,841
-	-	-	-	11,603
<b>153,332</b>	<b>16,196</b>	<b>6,784,283</b>	<b>792,557</b>	<b>18,213,985</b>
<hr/>				
-	2,163	-	11,811	379,178
-	-	69,348	-	69,348
-	-	-	-	3,455,803
<b>-</b>	<b>2,163</b>	<b>69,348</b>	<b>11,811</b>	<b>3,904,329</b>
<hr/>				
-	-	-	-	11,603
-	-	-	-	971,088
-	-	-	27,888	27,888
-	-	-	110,616	110,616
-	-	-	-	93,943
-	-	-	-	697,787
-	-	-	642,242	642,242
<b>153,332</b>	<b>14,033</b>	<b>6,714,935</b>	<b>-</b>	<b>11,754,489</b>
<b>153,332</b>	<b>14,033</b>	<b>6,714,935</b>	<b>780,746</b>	<b>14,309,656</b>
<b>153,332</b>	<b>16,196</b>	<b>6,784,283</b>	<b>792,557</b>	<b>18,213,985</b>

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

**VILLAGE OF ELWOOD, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to  
Net Assets of Governmental Activities**

**April 30, 2006**

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<b>Total Governmental Fund Balances</b>	\$ 14,309,656
<b>Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:</b>	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	123,345,351
Long-term liabilites are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences payable	(74,947)
Capital leases payable	(127,232)
General obligation bonds payable	(6,715,000)
General obligation capital appreciation bonds payable	(6,246,538)
TIF notes payable	(133,803,629)
Accrued interest payable	(48,641)
<b>Net Assets of Governmental Activities</b>	<b><u>(9,360,980)</u></b>

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

**VILLAGE OF ELWOOD, ILLINOIS**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**April 30, 2006**

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**See Following Page**

**VILLAGE OF ELWOOD, ILLINOIS**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**Year Ended April 30, 2006**

	General	Deer Run TIF	Center Point Phase I
<b>Revenues</b>			
Taxes	\$ 411,363	3,228,953	-
Intergovernmental	450,844	-	-
Charges for services	848,037	-	2,497,123
Licenses and permits	481,353	-	-
Fines and forfeits	116,919	-	-
Interest	19,632	51,080	129,885
Miscellaneous	76,401	-	-
<b>Total Revenues</b>	<b>2,404,549</b>	<b>3,280,033</b>	<b>2,627,008</b>
<b>Expenditures</b>			
Current			
General government	1,407,254	123,448	-
Public safety	429,883	-	-
Public works	373,213	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	2,521,326
Debt service			
Principal retirement	-	3,725,539	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>2,210,350</b>	<b>3,848,987</b>	<b>2,521,326</b>
<b>Excess (Deficiency) of Revenues</b>			
Over (Under) Expenditures	194,199	(568,954)	105,682
<b>Other Financing Sources (Uses)</b>			
Debt issuance	-	-	-
Discount on debt issuance	-	-	-
Transfers in	170,000	-	2,833,586
Transfers out	-	-	(232,423)
	170,000	-	2,601,163
<b>Net Change in Fund Balance</b>	<b>364,199</b>	<b>(568,954)</b>	<b>2,706,845</b>
<b>Fund Balance - Beginning as Restated</b>	<b>439,134</b>	<b>1,540,042</b>	<b>2,165,344</b>
<b>Fund Balance - Ending</b>	<b>803,333</b>	<b>971,088</b>	<b>4,872,189</b>

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

Road Improvements	Capital Construction Bond	Villag Hall Construction	Nonmajor Governmental Funds	Total Governmental Funds
50,000	-	-	809,439	4,449,755
-	-	-	46,550	547,394
-	-	-	16,658	3,361,818
-	-	-	-	481,353
-	-	-	-	116,919
2,678	10,888	-	10,332	224,495
-	-	-	67,728	144,129
<b>52,678</b>	<b>10,888</b>	<b>-</b>	<b>950,707</b>	<b>9,325,863</b>
<hr/>				
-	-	-	-	1,530,702
-	-	-	581,842	1,011,725
-	-	-	127,317	500,530
-	-	-	69,450	69,450
-	2,682,997	285,065	-	5,489,388
-	-	-	6,968	3,732,507
-	248,706	-	62,423	311,129
-	2,931,703	285,065	848,000	12,645,431
<b>52,678</b>	<b>(2,920,815)</b>	<b>(285,065)</b>	<b>102,707</b>	<b>(3,319,568)</b>
<hr/>				
-	12,903,552	-	134,200	13,037,752
-	(135,118)	-	-	(135,118)
-	-	7,000,000	62,423	10,066,009
-	(9,833,586)	-	-	(10,066,009)
-	2,934,848	7,000,000	196,623	12,902,634
<b>52,678</b>	<b>14,033</b>	<b>6,714,935</b>	<b>299,330</b>	<b>9,583,066</b>
<b>100,654</b>	<b>-</b>	<b>-</b>	<b>481,416</b>	<b>4,726,590</b>
<b>153,332</b>	<b>14,033</b>	<b>6,714,935</b>	<b>780,746</b>	<b>14,309,656</b>

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

## VILLAGE OF ELWOOD, ILLINOIS

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

Year Ended April 30, 2006

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**Net Change in Fund Balances - Total Governmental Funds** \$ 9,583,066

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

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

Capital outlays	5,693,694
Depreciation expense	(2,642,915)

The net effect of various miscellaneous transactions involving capital assets  
is to increase (decrease) net assets

Disposal of capital assets - cost	(38,185)
Disposal of capital assets - accumulated depreciation	32,457

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

Issuance of debt	(13,037,752)
Additions to general obligation capital appreciation bonds	(57,986)
Additions to TIF accretion bonds	(12,581,211)
Retirement of debt	3,732,507
Additions to compensated absences payable	(38,958)

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

(48,641)

**Changes in Net Assets of Governmental Activities**

(9,403,924)

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

**VILLAGE OF ELWOOD, ILLINOIS**

**Statement of Net Assets - Proprietary Funds**

**April 30, 2006**

	<b>Business-Type Activities - Enterprise</b>		
	<b>Water and Sewer</b>	<b>Nonmajor Garbage</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 1,474,500	-	1,474,500
Receivables - net of allowances			
Accounts	246,007	33,991	279,998
Prepays	14,182	-	14,182
	<u>1,734,689</u>	<u>33,991</u>	<u>1,768,680</u>
Capital Assets			
Nondepreciable capital assets	1,909,500	-	1,909,500
Depreciable capital assets	23,305,053	-	23,305,053
Accumulated depreciation	(1,743,744)	-	(1,743,744)
	<u>23,470,809</u>	<u>-</u>	<u>23,470,809</u>
Total Assets	<u>25,205,498</u>	<u>33,991</u>	<u>25,239,489</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	16,433	17,387	33,820
Accrued interest payable	324,488	-	324,488
	<u>340,921</u>	<u>17,387</u>	<u>358,308</u>
Long-Term Liabilities			
Loans payable	14,500,000	-	14,500,000
Total Liabilities	<u>14,840,921</u>	<u>17,387</u>	<u>14,858,308</u>
<b>NET ASSETS</b>			
Invested in capital assets			
Unrestricted	8,970,809	-	8,970,809
	<u>1,393,768</u>	<u>16,604</u>	<u>1,410,372</u>
Total Net Assets	<u>10,364,577</u>	<u>16,604</u>	<u>10,381,181</u>

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

**VILLAGE OF ELWOOD, ILLINOIS**

**Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds**  
**Year Ended April 30, 2006**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water and Sewer</b>	<b>Nonmajor Garbage</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Charges for services	\$ 726,974	126,847	853,821
<b>Operating Expenses</b>			
Water operations	373,004	-	373,004
Sewer operations	286,814	-	286,814
Garbage operations	-	116,611	116,611
Depreciation	533,648	-	533,648
<b>Total Operating Expenses</b>	<b>1,193,466</b>	<b>116,611</b>	<b>1,310,077</b>
<b>Operating Income (Loss)</b>	<b>(466,492)</b>	<b>10,236</b>	<b>(456,256)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Capital contribution	376,169	-	376,169
Interest income	62,169	10	62,179
Interest and fiscal charges	(522,530)	-	(522,530)
	(84,192)	10	(84,182)
<b>Change in Net Assets</b>	<b>(550,684)</b>	<b>10,246</b>	<b>(540,438)</b>
<b>Net Assets - Beginning</b>	<b>10,915,261</b>	<b>6,358</b>	<b>10,921,619</b>
<b>Net Assets - Ending</b>	<b>10,364,577</b>	<b>16,604</b>	<b>10,381,181</b>

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

**VILLAGE OF ELWOOD, ILLINOIS**

**Statement of Cash Flows - Proprietary Funds**  
**Year Ended April 30, 2006**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water and Sewer</b>	<b>Nonmajor Garbage</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 624,469	103,040	727,509
Payments to employees	(40,786)	-	(40,786)
Payments to suppliers	(325,429)	(103,050)	(428,479)
	<u>258,254</u>	<u>(10)</u>	<u>258,244</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(752,220)	-	(752,220)
Capital contribution	376,169	-	376,169
Interest paid on capital debt	(522,530)	-	(522,530)
	<u>(898,581)</u>	<u>-</u>	<u>(898,581)</u>
<b>Cash Flows from Investing Activities</b>			
Interest received	62,169	10	62,179
Net Change in Cash and Cash Equivalents	<u>(578,158)</u>	<u>-</u>	<u>(578,158)</u>
Cash and Cash Equivalents - Beginning	<u>2,052,658</u>	<u>-</u>	<u>2,052,658</u>
Cash and Cash Equivalents - Ending	<u>1,474,500</u>	<u>-</u>	<u>1,474,500</u>
<b>Reconciliation of Operating Income to Net Cash</b>			
Provided (Used) by Operating Activities	<u>(466,492)</u>	<u>10,236</u>	<u>(456,256)</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation expense	533,648	-	533,648
(Increase) decrease in current assets	(102,505)	(23,807)	(126,312)
Increase (decrease) in current liabilities	293,603	13,561	307,164
	<u>724,746</u>	<u>(10,246)</u>	<u>714,500</u>
Net Cash Provided by (Used in) Operating Activities	<u>258,254</u>	<u>(10)</u>	<u>258,244</u>

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

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Notes to the Financial Statements April 30, 2006**

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## **VILLAGE OF ELWOOD, ILLINOIS**

### **Notes to the Financial Statements** **April 30, 2006**

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## **VILLAGE OF ELWOOD, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2006**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Elwood, Illinois, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, water, sewer and garbage services and general administrative services.

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

### **REPORTING ENTITY**

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Elwood
---------------------	-------------------

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units that have a significant operational or financial relationship with the Village.

### **BASIS OF PRESENTATION**

#### **Government-Wide Statements**

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

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2006**

---

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **BASIS OF PRESENTATION**

##### **Government-Wide Statements – Continued**

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

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

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, public works, etc.) or a business-type activity. 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 tax, sales tax, intergovernmental revenues, interest income, etc.).

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

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

#### **Fund Financial Statements**

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2006**

---

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **BASIS OF PRESENTATION – Continued**

##### **Fund Financial Statements – Continued**

Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

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

#### **Governmental Funds**

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

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

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Debt service funds** are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Village maintains one major debt service fund, the Deer Run TIF Fund, which accounts for revenues received from incremental property taxes and expenditures for debt service payments related to tax increment financing bonds.

# **VILLAGE OF ELWOOD, ILLINOIS**

## **Notes to the Financial Statements**

**April 30, 2006**

---

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **BASIS OF PRESENTATION – Continued**

##### **Fund Financial Statements – Continued**

##### **Governmental Funds – Continued**

**Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains four major capital projects funds, the CenterPoint Phase I Fund, Road Improvements Fund, Capital Construction Bond Fund, and the Village Hall Construction Fund. The CenterPoint Phase I Fund accounts for revenues received from development fees and expenditures for capital construction projects, including road construction and a new village hall facility. The Road Improvements Fund accounts for revenues and expenditures relative to the construction of road improvements. The Capital Construction Bond Fund accounts for revenues received from general obligation bond proceeds and expenditures for road improvements and reconstruction. The Village Hall Construction Fund accounts for revenues and expenditures relative to the construction of a new Village Hall.

#### **Proprietary Funds**

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 following is a description of the proprietary fund of the Village:

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

### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

#### **Measurement Focus**

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

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2006**

---

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

##### **Measurement Focus – Continued**

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

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

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

##### **Basis of Accounting**

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

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

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

# **VILLAGE OF ELWOOD, ILLINOIS**

## **Notes to the Financial Statements**

**April 30, 2006**

---

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued**

##### **Basis of Accounting – Continued**

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

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

### **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

#### **Cash and Investments**

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

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

#### **Interfund Receivables, Payables and Activity**

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

# **VILLAGE OF ELWOOD, ILLINOIS**

## **Notes to the Financial Statements**

**April 30, 2006**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

##### **Prepays**

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

##### **Receivables**

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

##### **Capital Assets**

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

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

Buildings and Improvements	10 – 40 Years
Machinery and Equipment	3 – 10 Years
Infrastructure	25 – 50 Years

# **VILLAGE OF ELWOOD, ILLINOIS**

## **Notes to the Financial Statements**

**April 30, 2006**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

##### **Compensated Absences**

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

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

##### **Long-Term Obligations**

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

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

##### **Unearned Revenue**

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

# **VILLAGE OF ELWOOD, ILLINOIS**

## **Notes to the Financial Statements**

**April 30, 2006**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

##### **Fund Equity**

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

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

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

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Prior to April 30, the Village Clerk submits to the Village Board a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to July 31, the budget is legally enacted through passage of an ordinance.

The Village Clerk is authorized to transfer budgeted amounts between departments within any fund; however, the Village Board must approve revisions that alter the total expenditures of any fund. Formal budgetary integration is employed at a management control device during the year for the General Fund. Budgeted amounts are as originally adopted by the Board of Trustees. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year several supplementary appropriations were necessary.

# **VILLAGE OF ELWOOD, ILLINOIS**

## **Notes to the Financial Statements April 30, 2006**

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### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued**

#### **EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS**

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget for the fiscal year.

<b>Fund</b>	<b>Excess</b>
General	\$ 969,830
Deer Run Tax Increment Financing	3,848,987
CenterPoint Phase I	2,521,326
Capital Construction Bond	2,931,703
Village Hall Construction	285,065
Special Service Area	89,373

### **NOTE 3 – DETAIL NOTES ON ALL FUNDS**

#### **DEPOSITS AND INVESTMENTS**

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

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds.

## VILLAGE OF ELWOOD, ILLINOIS

### Notes to the Financial Statements

April 30, 2006

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

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

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

*Deposits and Investments.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$13,167,757 and the bank balances totaled \$13,173,873. Also at year-end, the Village has \$2,523,999 invested in the Illinois Funds.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy limits interest rate risk by attempting to obtain the highest interest rate available while ensuring the maximum safety of principal and maintaining a portfolio that is sufficiently liquid to meet all operating costs which may be reasonably anticipated.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investment policy does not mitigate credit risk. At April 30, 2006, the Village's investment in the Illinois Funds is rated AAAm by Standard and Poor's.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy states that at all times funds on deposit (checking accounts, certificates of deposit, etc.) in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the municipality. At April 30, 2006, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance. For an investment, this is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral. The Village's investment policy does not mitigate custodial credit risk for investments. At April 30, 2006, the Village's investment in the Illinois Funds is noncategorizable.

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village does not have a formal written policy with regards to concentration credit risk for investments. At April 30, 2006, the Village's investment in the Illinois Funds is over 5 percent of the total cash and investment portfolio.

# VILLAGE OF ELWOOD, ILLINOIS

## Notes to the Financial Statements April 30, 2006

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### PROPERTY TAXES

Property taxes for 2005 attach as an enforceable lien on January 1, 2005, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Will County and are payable in two installments, on or about June 1, 2006, and September 1, 2006. The County collects such taxes and remits them periodically.

#### CAPITAL ASSETS

##### Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances			Ending Balances
		Increases	Decreases	
Capital Assets- Not Being Depreciated				
Land	\$ 50,000	-	-	50,000
Other Capital Assets				
Buildings and Improvements	273,441	-	-	273,441
Machinery and Equipment	570,505	204,304	38,185	736,624
Infrastructure	119,911,606	5,489,390	-	125,400,996
	120,755,552	5,693,694	38,185	126,411,061
Less Accumulated Depreciation				
Buildings and Improvements	273,441	-	-	273,441
Machinery and Equipment	231,811	95,057	32,457	294,411
Infrastructure	-	2,547,858	-	2,547,858
	505,252	2,642,915	32,457	3,115,710
Total Other Capital Assets	120,250,300	3,050,779	5,728	123,295,351
Total Capital Assets	120,300,300	3,050,779	5,728	123,345,351

# VILLAGE OF ELWOOD, ILLINOIS

## Notes to the Financial Statements April 30, 2006

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### CAPITAL ASSETS – Continued

#### Governmental Activities – Continued

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 13,123
Public Safety	39,996
Public Works	<u>2,589,796</u>
	<u>2,642,915</u>

#### Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets - Not Being Depreciated				
Land	\$ 1,909,500	-	-	1,909,500
Other Capital Assets				
Buildings and Improvements	12,651,715	-	-	12,651,715
Machinery and Equipment	129,650	-	-	129,650
Infrastructure	9,771,468	752,220	-	10,523,688
	<u>22,552,833</u>	<u>752,220</u>	-	<u>23,305,053</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,003,001	319,697	-	1,322,698
Machinery and Equipment	32,886	18,521	-	51,407
Infrastructure	174,209	195,430	-	369,639
	<u>1,210,096</u>	<u>533,648</u>	-	<u>1,743,744</u>
Total Other Capital Assets	<u>21,342,737</u>	<u>218,572</u>	-	<u>21,561,309</u>
Total Capital Assets	<u>23,252,237</u>	<u>218,572</u>	-	<u>23,470,809</u>

# VILLAGE OF ELWOOD, ILLINOIS

## Notes to the Financial Statements April 30, 2006

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### CAPITAL ASSETS – Continued

#### Business-Type Activities – Continued

Depreciation expense was charged to business-type as follows:

Water and Sewer	\$ <u>533,648</u>
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#### INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
CenterPoint Phase I Fund	General Fund	\$ 170,000
CenterPoint Phase I Fund	Nonmajor Governmental	62,423
Capital Construction Fund	Village Hall Construction Fund	7,000,000
Capital Construction Fund	CenterPoint Phase I Fund	<u>2,833,586</u>
		<u>10,066,009</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### LONG-TERM DEBT

##### TIF Notes Payable

Tax increment financing notes currently outstanding are as follows:

Issue	Balances May 1	Issuances/ Accretion	Retirements	Balances April 30
Tax Increment Financing Notes of 2003	\$ 124,947,957	12,581,211	3,725,539	133,803,629

# VILLAGE OF ELWOOD, ILLINOIS

## Notes to the Financial Statements April 30, 2006

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Capital Leases Payable

Capital lease are utilized to acquire capital equipment. Capital leases currently outstanding are as follows:

Issue	Balances			Balances	
	May 1	Issuances	Retirements	April 30	
Tractor Capital Lease of 2006 due in yearly installments of \$6,968, including interest at 7.70% through March 27, 2010.	\$ -		30,200	6,968	23,232
Truck Capital Lease of 2006 due in annual installments of \$24,201, including interest at 5.27% through January 13, 2011.	-		104,000	-	104,000
	-		134,200	6,968	127,232

##### General Obligation Bonds Payable

Governments issue general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Issue	Balances			Balances	
	May 1	Issuances	Retirements	April 30	
General Obligation Bonds, Series 2005, due in annual installments of \$115,000 to \$165,000, plus interest at 4.20% to 4.50% through	\$ -		6,715,000	-	6,715,000

# VILLAGE OF ELWOOD, ILLINOIS

## Notes to the Financial Statements April 30, 2006

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### General Obligation Capital Appreciation Bonds Payable

Governments issue general obligation capital appreciation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation capital appreciation bonds are direct obligations and pledge the full faith and credit of the government. General obligation capital appreciation bonds currently outstanding are as follows:

Issue	Balances May 1	Issuances/ Accretion	Retirements	Balances April 30
General Obligation Capital Appreciation Bonds, Series 2006, due in annual installments of \$729,226 to \$1,052,838 through March 1, 2030.	\$ -	6,246,538	-	6,246,538

##### Loans Payable

Loans payable currently outstanding are as follows:

Issue	Balances May 1	Issuances	Retirements	Balances April 30
Department of Commerce and Economic Opportunity loans due in annual installments of \$90,000 to \$1,740,000 plus interest at 0% to 5.17% through September 1, 2022	\$ 14,500,000	-	-	14,500,000

# VILLAGE OF ELWOOD, ILLINOIS

## Notes to the Financial Statements April 30, 2006

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 35,989	77,916	38,958	74,947	14,989
Capital Leases Payable	-	134,200	6,968	127,232	23,889
General Obligation Bonds	-	6,715,000	-	6,715,000	-
General Obligation Capital Appreciation Bonds	-	6,246,538	-	6,246,538	-
TIF Notes Payable	124,947,957	12,581,211	3,725,539	133,803,629	6,039,662
	<b>124,983,946</b>	<b>25,754,865</b>	<b>3,771,465</b>	<b>146,967,346</b>	<b>6,078,540</b>
<b>Business-type Activities</b>					
Loans Payable	14,500,000	-	-	14,500,000	-

Payments on the general obligation bonds and general obligation capital appreciation bonds are made by Debt Service Fund. The Deer Run TIF Fund makes payments on TIF Notes Payable. The Water and Sewer Fund makes payments on the loans payable. For the governmental activities, compensated absences are generally liquidated by the general fund.

# VILLAGE OF ELWOOD, ILLINOIS

## Notes to the Financial Statements April 30, 2006

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Debt Service Requirements to Maturity

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

Fiscal Year Ending April 30	Governmental Activities		
	General Obligation		
	Bonds		
2007	\$	-	291,848
2008		-	291,848
2009		-	291,848
2010		-	291,848
2011		-	291,848
2012	115,000		291,848
2013	120,000		286,960
2014	125,000		281,860
2015	130,000		276,548
2016	540,000		271,022
2017	610,000		248,342
2018	685,000		222,722
2019	765,000		193,610
2020	850,000		160,715
2021	885,000		123,528
2022	925,000		84,588
2023	965,000		43,425
	<hr/>	<hr/>	<hr/>
	6,715,000		3,944,408

# VILLAGE OF ELWOOD, ILLINOIS

## Notes to the Financial Statements April 30, 2006

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Debt Service Requirements to Maturity – Continued

Fiscal Year Ending April 30	Business-Type Activities		
	Loans		
	Principal	Interest	
2007	\$ 90,000	432,650	
2008	90,000	527,997	
2009	470,000	740,344	
2010	470,000	716,045	
2011	870,000	691,746	
2012	870,000	646,767	
2013	870,000	601,788	
2014	870,000	556,809	
2015	870,000	511,830	
2016	870,000	466,851	
2017	870,000	421,872	
2018	870,000	376,893	
2019	1,140,000	331,914	
2020	1,140,000	272,976	
2021	1,740,000	214,038	
2022	1,200,000	124,080	
2023	1,200,000	62,040	
Total	<u>14,500,000</u>	<u>7,696,640</u>	

#### Defeased Debt

In prior years the government defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Since the requirements which normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Defeased bonds of \$330,000 remain outstanding as of the date of this report.

# VILLAGE OF ELWOOD, ILLINOIS

## Notes to the Financial Statements April 30, 2006

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides that the General Assembly may limit the amount and require referenda for approval of debt payable from ad valorem property taxes in excess of one percent of assessed valuation. However, no such statute has been enacted as of this date. Therefore, as a home rule municipality, the Village of Elwood, Illinois has no debt limit.

#### FUND BALANCE/NET ASSETS – RESERVED FOR SPECIAL REVENUES

The following is a schedule of fund balance reservations for special or restricted revenues as of the date of this report:

	<u>Amount</u>
Reserved for Special Revenues	
Motor Fuel Tax	\$ 409,906
Parks	47,364
Special Service Area	317,946
Children's Garden	<u>5,530</u>
	<u>780,746</u>

#### FUND BALANCE RESTATEMENT

Beginning fund balance of (\$2,803,374) in the Road Improvements Fund was increased by \$2,904,028 to reflect an error in recognition of the allocation of revenues and expenditures between the Road Improvements Fund and the CenterPoint Phase I Fund. Beginning fund balance of \$5,069,372 in the CenterPoint Phase I was decreased by \$2,904,028 to reflect the allocations of revenues and expenditures addressed above.

#### NOTE 4 – OTHER INFORMATION

##### 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; natural disasters; and injuries to the Village's employees. These risks are provided for through insurance from private insurance companies. The Village currently reports all its risk management activities in the General Fund and Water and Sewer Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

# **VILLAGE OF ELWOOD, ILLINOIS**

**Notes to the Financial Statements**  
**April 30, 2006**

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## **NOTE 4 – OTHER INFORMATION - Continued**

### **POST-EMPLOYMENT BENEFITS**

The Village provides COBRA health benefits to all prior employees as required by federal law. The prior employee pays 100 percent of the premium.

### **CONTINGENT LIABILITIES**

#### **Litigation**

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

#### **Grants**

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

### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS**

The Village contributes to one defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

# **VILLAGE OF ELWOOD, ILLINOIS**

## **Notes to the Financial Statements** **April 30, 2006**

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### **NOTE 4 – OTHER INFORMATION – Continued**

#### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2005 was 9.25 percent.

#### **Funding Policy and Annual Pension Cost**

For December 31, 2005, the Village's annual pension cost of \$53,312 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 0.4% to 11.6% per year, and (c) 3.0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.0%. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2005 was 32 years.

#### **Trend Information**

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

Annual Pension Cost (APC)	2003	23,646
	2004	42,765
	2005	53,312
Actual Contributions	2003	23,646
	2004	42,765
	2005	53,312
Percentage of APC Contributed	2003	100.00%
	2004	100.00%
	2005	100.00%
Net Pension Obligation	2003	N/A
	2004	N/A
	2005	N/A



## **REQUIRED SUPPLEMENTARY INFORMATION**

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

- Schedule of Funding Progress
  - Illinois Municipal Retirement Fund (IMRF)
- Employer Contributions
  - Illinois Municipal Retirement Fund (IMRF)
- Budgetary Comparison Schedules – General Fund

### Notes to the Required Supplementary Information

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



**VILLAGE OF ELWOOD, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**

**Schedule of Funding Progress**

**April 30, 2006**

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded)		(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
				Actuarial Liability (2) - (1)	Actuarial Accrued Liability (2) - (1)		
2000	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	\$ N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	35,295	68,596	51.45%	33,301	263,316	263,316	12.65%
2004	98,499	194,429	50.66%	95,930	476,228	476,228	20.14%
2005	174,044	224,245	77.61%	50,201	557,917	557,917	9.00%

N/A - Prior to the December 31, 2003 actuarial valuation date, the Village was not a member of the Illinois Municipal Retirement Fund.

**VILLAGE OF ELWOOD, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**

**Employer Contributions**

**April 30, 2006**

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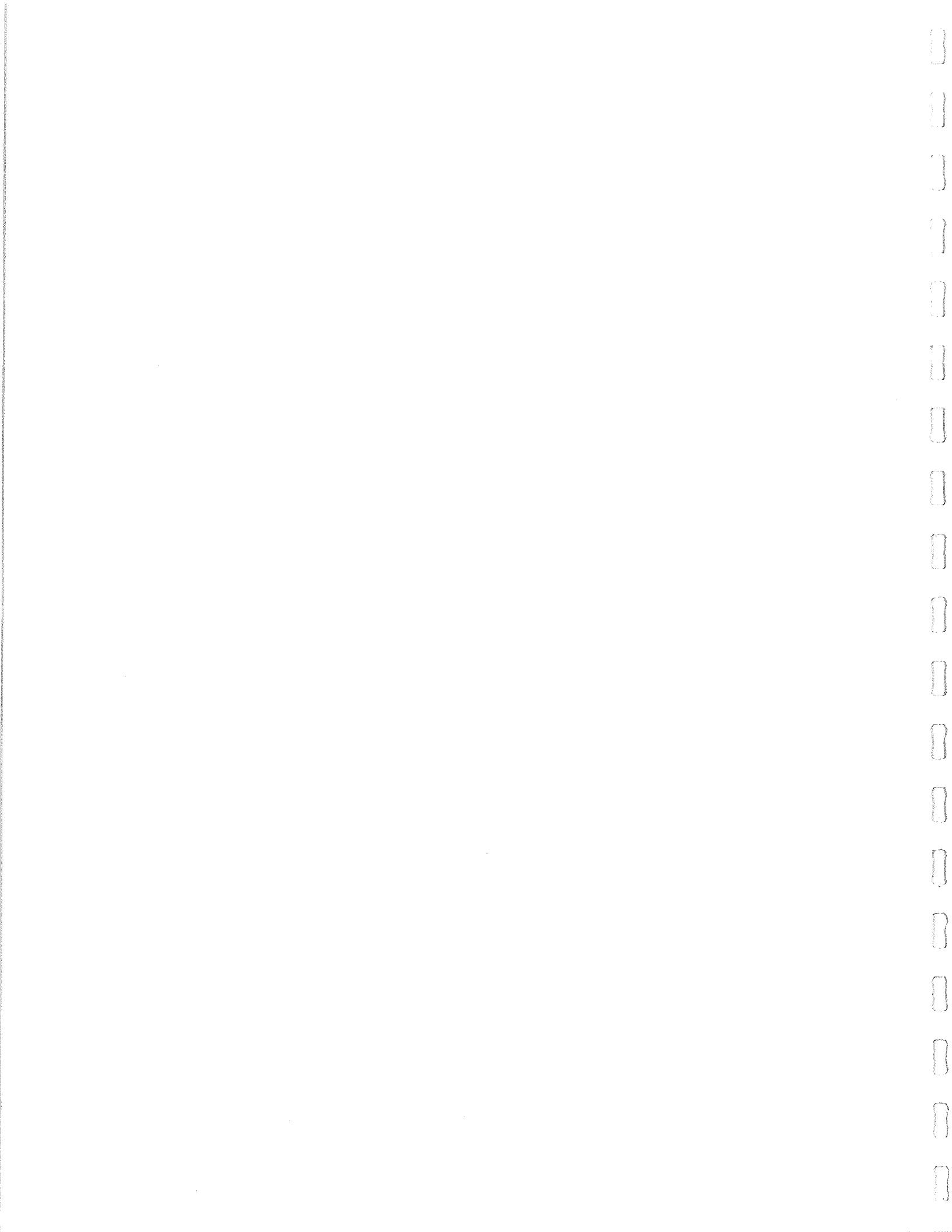
Calendar Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2000	\$ N/A	\$ N/A	N/A
2001	N/A	N/A	N/A
2002	N/A	N/A	N/A
2003	23,646	23,646	100.00%
2004	42,765	42,765	100.00%
2005	53,312	53,312	100.00%

**VILLAGE OF ELWOOD, ILLINOIS**

**General Fund**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Revenues</b>			
Taxes	\$ 337,272	337,272	411,363
Intergovernmental	351,200	351,200	450,844
Charges for services	149,108	149,108	848,037
Licenses and permits	160,220	160,220	481,353
Fines and forfeits	100,000	100,000	116,919
Interest	1,197	1,197	19,632
Miscellaneous	19,700	19,700	76,401
<b>Total Revenues</b>	<b>1,118,697</b>	<b>1,118,697</b>	<b>2,404,549</b>
<b>Expenditures</b>			
General government	382,156	382,156	1,407,254
Public safety	441,871	441,871	429,883
Public works	416,493	416,493	373,213
<b>Total Expenditures</b>	<b>1,240,520</b>	<b>1,240,520</b>	<b>2,210,350</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(121,823)</b>	<b>(121,823)</b>	<b>194,199</b>
<b>Other Financing Sources</b>			
Transfers in	170,000	170,000	170,000
<b>Net Change in Fund Balance</b>	<b>48,177</b>	<b>48,177</b>	<b>364,199</b>
<b>Fund Balance - Beginning</b>			<b>439,134</b>
<b>Fund Balance - Ending</b>			<b>803,333</b>



## **OTHER SUPPLEMENTARY INFORMATION**

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental
- Budgetary Comparison Schedules – Nonmajor Governmental
- Budgetary Comparison Schedules – Enterprise Funds

## **GOVERNMENTAL FUNDS**

### **GENERAL FUND**

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

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### **SPECIAL REVENUE FUNDS**

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

#### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund is used to account for the revenues received from the Village's allocation of state gasoline taxes and the expenditures for street construction and maintenance, which must be authorized by the Illinois Department of Transportation.

#### **Park Fund**

The Park Fund is used to account for revenues received from impact fees and the expenditures for park operations and improvements.

#### **Special Service Area Fund**

The Special Service Area Fund is used to account for revenues received from special service area property taxes and expenditures for maintenance within the special service area.

#### **Children's Garden Fund**

The Children's Garden Fund is used to account for revenues received from donations and expenditures for maintenance and improvements at the Children's Garden.

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## **GOVERNMENTAL FUNDS – Continued**

### **DEBT SERVICE FUNDS**

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

#### **Deer Run Tax Increment Financing (TIF) Fund**

The Deer Run Tax Increment Financing Fund is used to account for revenues received from incremental property taxes and expenditures for debt service payments related to tax increment financing bonds.

#### **Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, the principal and interest on the 2005 general obligation bonds.

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### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

#### **CenterPoint Phase I Fund**

The CenterPoint Phase I Fund is used to account for revenues received from development fees and expenditures for capital construction projects, including road construction and a new village hall facility.

#### **Road Improvements Fund**

The Road Improvements Fund is used to account for revenues and expenditures relative to the construction of road improvements.

## **GOVERNMENTAL FUNDS – Continued**

### **CAPITAL PROJECTS FUNDS – Continued**

#### **Capital Construction Bond Fund**

The Capital Construction Bond Fund is used to account for revenues received from general obligation bond proceeds and expenditures for road improvements and reconstruction.

#### **Village Hall Construction Fund**

The Village Hall Construction Fund is used to account for revenues and expenditures relative to the construction of the new Village Hall.

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## **PROPRIETARY FUNDS**

### **ENTERPRISE FUNDS**

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

#### **Water and Sewer Fund**

The Water and Sewer Fund is used to account for revenues and expenses relative to the operation of the water and sewer utilities.

#### **Garbage Fund**

The Garbage Fund is used to account for revenues and expenses relative to the disposal of residential solid waste.

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# VILLAGE OF ELWOOD, ILLINOIS

## General Fund

### Schedule of Revenues - Budget and Actual Year Ended April 30, 2006

	Budget		
	Original	Final	Actual
<b>Taxes</b>			
Property taxes	\$ 47,500	47,500	47,342
Personal property replacement tax	771	771	1,113
Road and bridge tax	30,041	30,041	52,786
Utility tax	258,960	258,960	310,122
	<u>337,272</u>	<u>337,272</u>	<u>411,363</u>
<b>Intergovernmental</b>			
Sales tax	70,000	70,000	156,906
Home rule sales tax	150,000	150,000	140,915
Income tax	113,600	113,600	133,037
Local use tax	17,600	17,600	19,986
	<u>351,200</u>	<u>351,200</u>	<u>450,844</u>
<b>Charges for services</b>			
CenterPoint administrative fees	110,408	110,408	110,408
Professional fees & development	-	-	38,000
Overweight truck fee	10,000	10,000	93,943
Inspection fees	22,500	22,500	21,275
Cable franchise fees	6,200	6,200	6,759
Impact fees	-	-	18,218
Reimbursable expenses	-	-	559,434
	<u>149,108</u>	<u>149,108</u>	<u>848,037</u>
<b>Licenses and permits</b>			
Building permits	134,020	134,020	468,620
Liquor licenses	1,700	1,700	2,975
Vehicle stickers	16,000	16,000	3,383
Business licenses	3,250	3,250	500
Contractor registration	5,250	5,250	5,875
	<u>160,220</u>	<u>160,220</u>	<u>481,353</u>
<b>Fines and forfeits</b>			
Police fines	100,000	100,000	116,919

## VILLAGE OF ELWOOD, ILLINOIS

### General Fund

#### Schedule of Revenues - Budget and Actual - Continued Year Ended April 30, 2006

	Budget		
	Original	Final	Actual
Interest			
Investment income	\$ 1,197	1,197	19,632
Miscellaneous			
Donations	-	-	11,750 ✓
Police reports	-	-	-
Lease agreement	19,200	19,200	21,066 ✓
Miscellaneous	500	500	43,585 ✓
	19,700	19,700	76,401
Total Revenues	<u>1,118,697</u>	<u>1,118,697</u>	<u>2,404,549</u>

**VILLAGE OF ELWOOD, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual**  
**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>General Government</b>			
<b>Administration</b>			
Salaries	\$ 80,319	80,319	95,434
Administration benefits	8,874	8,874	9,585
Employee group insurance	18,547	18,547	26,980
Financial consultants	24,000	24,000	26,051
Audit	19,700	19,700	17,550
Engineering services	10,000	10,000	627,498
Legal services	100,000	100,000	140,223
Telephone	8,902	8,902	6,476
Inspectors - reinspections	1,000	1,000	184,103
Electric/Heating	1,200	1,200	1,138
Animal control	500	500	875
Custodial services	3,000	3,000	3,400
Insurance - liability/workers compensation	5,000	5,000	2,606
Printing/binding	4,800	4,800	5,555
Dues and subscriptions	4,231	4,231	7,242
Office equipment maintenance	1,550	1,550	2,299
Office supplies	9,000	9,000	18,481
Gas and oil	2,400	2,400	412
Vehicle supplies	100	100	-
Other supplies	1,000	1,000	1,431
Postage	2,100	2,100	2,247
Contingencies	1,000	1,000	2,197
Bank charges	2,500	2,500	2,351
Miscellaneous	10,000	10,000	35,759
Equipment	20,000	20,000	19,816
Data processing equipment	1,000	1,000	930
Reimburseable sales tax	-	-	105,257
Nextel lease agreement	-	-	10,273
<b>Total Administration</b>	<b>340,723</b>	<b>340,723</b>	<b>1,356,169</b>
<b>Building</b>			
Salaries	36,000	36,000	45,186
Administration benefits	2,754	2,754	3,457

**VILLAGE OF ELWOOD, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued**

**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>General Government - Continued</b>			
<b>Building - Continued</b>			
Employee group insurance	\$ -	-	332
Data Processing	1,590	1,590	-
Insurance	1,089	1,089	-
Travel and meetings	-	-	115
Dues and subscriptions	-	-	1,755
Photo supplies	-	-	303
Miscellaneous	-	-	(63)
<b>Total Building</b>	<b>41,433</b>	<b>41,433</b>	<b>51,085</b>
<b>Total General Government</b>	<b>382,156</b>	<b>382,156</b>	<b>1,407,254</b>
<b>Public Safety</b>			
<b>Police</b>			
Salaries	245,191	245,191	265,993
Administration benefits	44,475	44,475	35,437
Employee group insurance	56,620	56,620	19,341
Legal services	14,400	14,400	19,717
Data processing	372	372	-
Insurance - liability/workers compensation	6,390	6,390	2,397
Printing/binding	708	708	1,001
Dues and subscriptions	495	495	196
Telephone	6,720	6,720	7,181
Office equipment maintenance	750	750	2,230
Radio maintenance	1,341	1,341	934
Vehicle maintenance	12,390	12,390	7,911
Crime prevention	300	300	-
Training	1,908	1,908	952
Heating	2,665	2,665	-
Travel and meetings	600	600	-
Custodial services	1,410	1,410	2,980
Medical expenses	504	504	77
Animal control	225	225	625
Rental	1,152	1,152	1,230
Office supplies	1,548	1,548	1,059

**VILLAGE OF ELWOOD, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued**

**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Public Safety - Continued</b>			
<b>Police - Continued</b>			
Gas and oil	\$ 13,800	13,800	17,443
Uniforms	1,794	1,794	3,676
Photo supplies	300	300	-
Postage	504	504	316
Ammunition	123	123	435
Other supplies	1,056	1,056	295
Contingencies	432	432	-
Agreements	15,124	15,124	16,439
Miscellaneous	300	300	12,121
Equipment	6,000	6,000	6,377
Vehicles	-	-	2,040
Data processing equipment	2,274	2,274	-
Donation expenses	-	-	1,480
<b>Total Public Safety</b>	<b>441,871</b>	<b>441,871</b>	<b>429,883</b>
<b>Public Works</b>			
<b>Streets</b>			
Salaries	88,541	88,541	86,394
Administration benefits	16,061	16,061	14,349
Employee group insurance	20,446	20,446	29,154
Professional services	-	-	232
Data processing	9,590	9,590	380
Uniform rentals	2,900	2,900	3,333
Street cleaning	16,000	16,000	5,389
Travel and meetings	500	500	-
Tree removal	51,750	51,750	36,547
Truck inspections	200	200	100
Electric	22,226	22,226	23,317
Telephone	3,796	3,796	2,942
Heating	5,135	5,135	6,408
Equipment rentals	2,000	2,000	592
Communication repairs	600	600	593
Building maintenance	3,500	3,500	4,366

**VILLAGE OF ELWOOD, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued**

**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Public Works - Continued</b>			
Streets - Continued			
Street light maintenance	\$ 1,000	1,000	710
Vehicle maintenance	1,500	1,500	1,014
Mosquito abatement.	13,348	13,348	15,335
Office supplies	1,000	1,000	1,246
Vehicle supplies	5,250	5,250	4,387
Gas and oil	4,500	4,500	5,139
Gravel	2,000	2,000	1,938
Asphalt and sealer	3,000	3,000	1,511
Operating supplies	9,500	9,500	8,532
Restoration materials	5,000	5,000	7,431
Drainage materials	2,000	2,000	180
Traffic signs and safety materials	6,000	6,000	5,284
Small tools and equipment	4,500	4,500	4,803
Contingencies	1,000	1,000	1,400
Miscellaneous	3,000	3,000	13,516
Equipment	47,950	47,950	40,439
Village building improvements	2,000	2,000	2,711
Road maintenance	59,000	59,000	42,857
Data processing equipment	1,700	1,700	684
<b>Total Public Works</b>	<b>416,493</b>	<b>416,493</b>	<b>373,213</b>
<b>Total Expenditures</b>	<b>1,240,520</b>	<b>1,240,520</b>	<b>2,210,350</b>

## VILLAGE OF ELWOOD, ILLINOIS

### Deer Run Tax Increment Financing - Debt Service Fund

#### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2006

	Budget		
	Original	Final	Actual
<b>Revenues</b>			
Taxes			
Property taxes	\$ -	-	3,228,953
Interest	-	-	51,080
Total Revenues	-	-	3,280,033
<b>Expenditures</b>			
General government			
Management fees	-	-	123,448
Debt service			
Principal retirement	-	-	3,725,539
	-	-	3,848,987
Net Change in Fund Balance	-	-	(568,954)
Fund Balance - Beginning			1,540,042
Fund Balance - Ending			<u>971,088</u>

**VILLAGE OF ELWOOD, ILLINOIS**

**CenterPoint - Phase I - Capital Projects Fund**

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Revenues</b>			
Charges for services			
Development fees	\$ 1,000,000	1,000,000	2,497,123
Interest	65,000	65,000	129,885
Total Revenues	<u>1,065,000</u>	<u>1,065,000</u>	<u>2,627,008</u>
<b>Expenditures</b>			
Capital outlay			
Chicago Street	-	-	94,041
Mississippi Street	-	-	1,893,762
Other Projects	-	-	209,923
St. Louis Street	-	-	66,667
Jackson / Matteson Streets	-	-	127,159
Baseline Road	-	-	11,340
Mississippi Street and Drummond Road	-	-	62,063
Village Hall	-	-	56,371
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,521,326</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,065,000</b>	<b>1,065,000</b>	<b>105,682</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	2,833,586
Transfers out	(170,000)	(170,000)	(232,423)
	<u>(170,000)</u>	<u>(170,000)</u>	<u>2,601,163</u>
<b>Net Change in Fund Balance</b>	<b>895,000</b>	<b>895,000</b>	<b>2,706,845</b>
<b>Fund Balance - Beginning as Restated</b>			<u>2,165,344</u>
<b>Fund Balance - Ending</b>			<u>4,872,189</u>

**VILLAGE OF ELWOOD, ILLINOIS**

**Road Improvements - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Year Ended April 30, 2006**

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	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Revenues</b>			
Intergovernmental			
Grants	\$ 50,000	50,000	50,000
Interest	1,000	1,000	2,678
Total Revenues	<u>51,000</u>	<u>51,000</u>	<u>52,678</u>
<b>Expenditures</b>			
Capital outlay	-	-	-
<b>Net Change in Fund Balance</b>	<b>51,000</b>	<b>51,000</b>	<b>52,678</b>
<b>Fund Balance - Beginning as Restated</b>			<u>100,654</u>
<b>Fund Balance - Ending</b>			<u>153,332</u>

**VILLAGE OF ELWOOD, ILLINOIS****Capital Construction Bond - Capital Projects Fund****Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Revenues</b>			
Interest	\$ -	-	10,888
<b>Expenditures</b>			
Capital outlay			
Chicago Street	-	-	2,519
Mississippi Street	-	-	1,311,295
St. Louis Street	-	-	37,770
Jackson / Matteson Streets	-	-	1,331,413
Debt service			
Interest and fiscal charges	-	-	248,706
Total Expenditures	-	-	2,931,703
<b>Excess (Deficiency) of Revenues</b>			
Over (Under) Expenditures	-	-	(2,920,815)
<b>Other Financing Sources (Uses)</b>			
Debt issuance	-	-	12,903,552
Discount on debt issuance	-	-	(135,118)
Transfers out	-	-	(9,833,586)
	-	-	2,934,848
<b>Net Change in Fund Balance</b>			14,033
<b>Fund Balance - Beginning</b>			-
<b>Fund Balance - Ending</b>			14,033

# VILLAGE OF ELWOOD, ILLINOIS

## Village Hall Construction - Capital Projects Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2006

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	Budget		
	Original	Final	Actual
Revenues			
Interest	\$ -	-	-
Expenditures			
Capital Outlay			
Village hall construction	-	-	285,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(285,065)
Other Financing Sources			
Transfers in	-	-	7,000,000
Net Change in Fund Balance	-	-	6,714,935
Fund Balance - Beginning			
Fund Balance - Ending			<u>6,714,935</u>

**VILLAGE OF ELWOOD, ILLINOIS**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

April 30, 2006

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Motor Fuel Tax	Park	Special Service Area	Children's Garden		
<b>ASSETS</b>						
Cash and investments	\$ 406,350	48,588	328,533	5,530	-	789,001
Receivables						
Other taxes	3,556	-	-	-	-	3,556
<b>Total Assets</b>	<b>409,906</b>	<b>48,588</b>	<b>328,533</b>	<b>5,530</b>	<b>-</b>	<b>792,557</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	-	1,224	10,587	-	-	11,811
Fund Balances						
Reserved-road improvements	-	-	27,888	-	-	27,888
Reserved-road reconstruction	-	-	110,616	-	-	110,616
Unreserved	409,906	47,364	179,442	5,530	-	642,242
<b>Total Fund Balances</b>	<b>409,906</b>	<b>47,364</b>	<b>317,946</b>	<b>5,530</b>	<b>-</b>	<b>780,746</b>
<b>Total Liabilities and Fund Balances</b>	<b>409,906</b>	<b>48,588</b>	<b>328,533</b>	<b>5,530</b>	<b>-</b>	<b>792,557</b>

**VILLAGE OF ELWOOD, ILLINOIS**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

**Nonmajor Governmental Funds**

**Year Ended April 30, 2006**

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Motor Fuel Tax	Park	Special Service Area	Children's Garden		
<b>Revenues</b>						
Taxes	\$ -	-	809,439	-	-	809,439
Intergovernmental	46,550	-	-	-	-	46,550
Charges for services	-	9,629	-	7,029	-	16,658
Interest	7,745	321	2,206	60	-	10,332
Miscellaneous	-	60,000	-	7,728	-	67,728
<b>Total Revenues</b>	<b>54,295</b>	<b>69,950</b>	<b>811,645</b>	<b>14,817</b>	<b>-</b>	<b>950,707</b>
<b>Expenditures</b>						
Public safety	-	-	581,842	-	-	581,842
Public works	-	-	127,317	-	-	127,317
Parks and recreation	-	60,525	-	8,925	-	69,450
Debt service	-	-	6,968	-	-	6,968
Principal retirement	-	-	-	-	-	6,968
Interest and fiscal charges	-	-	-	-	62,423	62,423
<b>Total Expenditures</b>	<b>-</b>	<b>60,525</b>	<b>716,127</b>	<b>8,925</b>	<b>62,423</b>	<b>848,000</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>						
Over (Under) Expenditures	54,295	9,425	95,518	5,892	(62,423)	102,707
<b>Other Financing Sources</b>						
Debt issuance	-	-	134,200	-	-	134,200
Transfer in	-	-	-	-	62,423	62,423
	-	-	134,200	-	62,423	196,623
<b>Net Change in Fund Balances</b>	<b>54,295</b>	<b>9,425</b>	<b>229,718</b>	<b>5,892</b>	<b>-</b>	<b>299,330</b>
<b>Fund Balances - Beginning</b>	<b>355,611</b>	<b>37,939</b>	<b>88,228</b>	<b>(362)</b>	<b>-</b>	<b>481,416</b>
<b>Fund Balances - Ending</b>	<b>409,906</b>	<b>47,364</b>	<b>317,946</b>	<b>5,530</b>	<b>-</b>	<b>780,746</b>

**VILLAGE OF ELWOOD, ILLINOIS**

**Motor Fuel Tax - Special Revenue Fund**

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Revenues</b>			
Intergovernmental			
Motor fuel tax allotments	47,466	47,466	46,550
Interest	8,890	8,890	7,745
Total Revenues	<u>56,356</u>	<u>56,356</u>	<u>54,295</u>
<b>Expenditures</b>			
Public works	-	-	-
Net Change in Fund Balance	<u>56,356</u>	<u>56,356</u>	<u>54,295</u>
Fund Balance - Beginning			<u>355,611</u>
Fund Balance - Ending			<u>409,906</u>

**VILLAGE OF ELWOOD, ILLINOIS****Park - Special Revenue Fund****Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Revenues</b>			
Charges for services			
Impact fees	\$ 25,000	25,000	1,684
Registration fees	8,000	8,000	7,320
Rental fees	500	500	625
Interest	500	500	321
Miscellaneous			
Donation	1,000	1,000	60,000
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>69,950</u>
<b>Expenditures</b>			
Parks and recreation	85,294	85,294	60,525
Net Change in Fund Balance	<u>(50,294)</u>	<u>(50,294)</u>	9,425
Fund Balance - Beginning			<u>37,939</u>
Fund Balance - Ending			<u>47,364</u>

**VILLAGE OF ELWOOD, ILLINOIS**

**Park - Special Revenue Fund**

**Schedule of Expenditures - Budget and Actual**  
**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Parks and Recreation</b>			
Salaries	\$ 9,838	9,838	34,415
Administration benefits	1,784	1,784	3,250
Employee group insurance	2,272	2,272	2,260
Repairs and maintenance	1,000	1,000	55
Cleaning	1,000	1,000	-
Referees	900	900	725
Instructors	2,500	2,500	847
Legal	1,000	1,000	2,280
Consultant study	5,000	5,000	8,594
Postage	1,000	1,000	400
Advertising	500	500	-
Printing	500	500	1,096
General supplies	1,000	1,000	5,128
Development supplies	2,500	2,500	-
Materials	5,000	5,000	-
Miscellaneous	48,500	48,500	1,475
Entertainment donations	1,000	1,000	-
 Total Expenditures	 85,294	 85,294	 60,525

**VILLAGE OF ELWOOD, ILLINOIS**

**Special Service Area - Special Revenue Fund**

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Revenues</b>			
Taxes			
Property tax	\$ 626,754	626,754	809,439
Interest	-	-	2,206
<b>Total Revenues</b>	<b>626,754</b>	<b>626,754</b>	<b>811,645</b>
<b>Expenditures</b>			
Public safety	411,975	411,975	581,842
Public works	214,779	214,779	127,317
Debt service			
Principal retirement	-	-	6,968
<b>Total Expenditures</b>	<b>626,754</b>	<b>626,754</b>	<b>716,127</b>
<b>Excess (Deficiency) of Revenues</b>			
Over (Under) Expenditures	-	-	95,518
<b>Other Financing Sources</b>			
Debt issuance	-	-	134,200
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>229,718</b>
<b>Fund Balance - Beginning</b>			<b>88,228</b>
<b>Fund Balance - Ending</b>			<b>317,946</b>

**VILLAGE OF ELWOOD, ILLINOIS**

**Special Service Area - Special Revenue Fund**

**Schedule of Expenditures - Budget and Actual**  
**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Public Safety</b>			
Salaries	\$ 182,509	182,509	212,267
Benefits	70,775	70,775	63,935
Training	5,272	5,272	885
Uniforms	2,240	2,240	1,645
Automotive	17,460	17,460	35,362
Supplies and materials	5,969	5,969	23,602
Contingencies	1,000	1,000	546
Agreements	10,082	10,082	3,016
Miscellaneous expense	500	500	315
Purchase equipment	14,018	14,018	17,238
Storage Shed	-	-	9,419
Purchase vehicle	100,634	100,634	212,286
Data processing equipment	1,516	1,516	1,326
 Total Public Safety	 411,975	 411,975	 581,842
 <b>Public Works</b>	 	 	 
Salaries	47,000	47,000	46,085
Benefits	30,000	30,000	29,919
Uniforms	1,500	1,500	1,265
Snow removal	35,000	35,000	-
Vehicle maintenance	-	-	29
Administrative/legal	45,279	45,279	17,189
Retention pond maintenance	40,000	40,000	5,670
Roadway maintenance	16,000	16,000	27,160
 Total Public Works	 214,779	 214,779	 127,317
 <b>Debt Service</b>	 	 	 
Principal retirement	-	-	6,968
 Total Expenditures	 626,754	 626,754	 716,127

**VILLAGE OF ELWOOD, ILLINOIS****Children's Garden - Special Revenue Fund****Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Revenues</b>			
Charges for services			
Event fees	\$ 6,000	6,000	7,029
Interest	150	150	60
Miscellaneous			
Donations	6,000	6,000	7,728
Total Revenues	<u>12,150</u>	<u>12,150</u>	<u>14,817</u>
<b>Expenditures</b>			
Parks and recreation	11,788	11,788	8,925
Net Change in Fund Balance	<u>362</u>	<u>362</u>	<u>5,892</u>
Fund Balance - Beginning			(362)
Fund Balance - Ending			<u>5,530</u>

**VILLAGE OF ELWOOD, ILLINOIS****Water and Sewer - Enterprise Fund****Schedule of Revenues, Expenses and Changes in  
Net Assets - Budget and Actual  
Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Operating Revenues</b>			
Charges for services	\$ 703,000	703,000	726,974
<b>Operating Expenses</b>			
Water operations	398,317	398,317	373,004
Sewer operations	420,899	420,899	286,814
Depreciation	-	-	533,648
Total Operating Expenses	819,216	819,216	1,193,466
<b>Operating Income (Loss)</b>	(116,216)	(116,216)	(466,492)
<b>Nonoperating Revenues (Expenses)</b>			
Capital contribution	6,000	6,000	376,169
Interest income	100	100	62,169
Interest and fiscal charges	(210,000)	(210,000)	(522,530)
	(203,900)	(203,900)	(84,192)
<b>Change in Net Assets</b>	(320,116)	(320,116)	(550,684)
<b>Net Assets - Beginning</b>			<u>10,915,261</u>
<b>Net Assets - Ending</b>			<u>10,364,577</u>

**VILLAGE OF ELWOOD, ILLINOIS**

**Water and Sewer - Enterprise Fund**

**Schedule of Operating Revenues - Budget and Actual**  
**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Charges for Services</b>			
Water charges	\$ 233,000	233,000	220,088
Sewer charges	189,000	189,000	210,440
Water tap on fees	121,000	121,000	153,125
Sewer tap on fees	149,000	149,000	131,400
Meter sales	11,000	11,000	11,921
<b>Total Operating Revenues</b>	<b>703,000</b>	<b>703,000</b>	<b>726,974</b>

**VILLAGE OF ELWOOD, ILLINOIS**

**Water and Sewer - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual**  
**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Water Operations</b>			
Salaries	\$ 17,544	17,544	20,393
Administration benefits	3,182	3,182	3,278
Employee group insurance	4,051	4,051	3,244
Insurance - liability/workers compensation	8,726	8,726	11,115
Audit	2,463	2,463	2,625
Engineering services	-	-	22,441
Data processing	1,590	1,590	708
Legal services	-	-	5,817
Plant operator fee	145,500	145,500	141,693
Telephone	2,205	2,205	3,617
Electric	104,000	104,000	81,465
Heating	16,311	16,311	1,774
Printing/binding	900	900	674
Dues and subscriptions	650	650	126
Equipment rental	5,000	5,000	788
Building maintenance	3,420	3,420	4,613
Equipment maintenance	2,500	2,500	7,877
System maintenance	40,875	40,875	12,791
Vehicle maintenance	1,000	1,000	732
Operational supplies	5,000	5,000	2,871
Gas and oil	1,000	1,000	903
Small tools/equipment	1,000	1,000	434
Postage	1,300	1,300	775
Water supplies	8,000	8,000	1,236
Maintenance supplies	2,000	2,000	1,455
Vehicle supplies	500	500	170
Restoration materials	-	-	3,789
Contingencies	1,000	1,000	1,396
Miscellaneous	2,000	2,000	11,918
Purchase equipment	4,100	4,100	4,300
Water meters	10,000	10,000	17,748
Data processing equipment	2,500	2,500	238
<b>Total Water Operations</b>	<b>398,317</b>	<b>398,317</b>	<b>373,004</b>

**VILLAGE OF ELWOOD, ILLINOIS**

**Water and Sewer - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual - Continued**  
**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Sewer Operations</b>			
Salaries	\$ 17,544	17,544	20,393
Administration benefits	3,182	3,182	3,278
Employee group insurance	4,051	4,051	3,096
Insurance - liability/workers compensation	8,726	8,726	11,115
Audit	2,463	2,463	2,000
Engineering services	-	-	26,791
Data processing	1,590	1,590	-
Legal services	-	-	5,396
Plant operator fee	145,500	145,500	141,693
Telephone	643	643	971
Electric	104,000	104,000	19,700
Heating	9,000	9,000	2,098
Printing/binding	350	350	261
Dues and subscriptions	600	600	-
Equipment rental	5,000	5,000	56
Building maintenance	2,750	2,750	1,295
Equipment maintenance	5,000	5,000	4,714
System maintenance	69,200	69,200	19,217
Vehicle maintenance	500	500	259
Postage	1,300	1,300	568
Sewer supplies	5,000	5,000	767
Operational supplies	2,000	2,000	65
Gas and oil	5,000	5,000	3,405
Small tools and equipment	3,000	3,000	1,682
Maintenance supplies	5,000	5,000	2,975
Vehicle supplies	1,000	1,000	-
Chemicals	10,000	10,000	6,375
Contingencies	1,000	1,000	-
Miscellaneous	5,000	5,000	6,879
Data processing equipment	2,500	2,500	1,765
<b>Total Sewer Operations</b>	<b>420,899</b>	<b>420,899</b>	<b>286,814</b>

**VILLAGE OF ELWOOD, ILLINOIS****Garbage - Enterprise Fund****Schedule of Revenues, Expenses and Changes in  
Net Assets - Budget and Actual  
Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>Operating Revenues</b>			
Charges for services	\$ 124,570	124,570	126,847
<b>Operating Expenses</b>			
Garbage operations	126,064	126,064	116,611
<b>Operating Income (Loss)</b>	(1,494)	(1,494)	10,236
<b>Nonoperating Revenue</b>			
Interest income	159	159	10
<b>Change in Net Assets</b>	(1,335)	(1,335)	10,246
<b>Net Assets - Beginning</b>			6,358
<b>Net Assets - Ending</b>			16,604

**VILLAGE OF ELWOOD, ILLINOIS**

**Garbage - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual**  
**Year Ended April 30, 2006**

	<b>Budget</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
Garbage Operations			
Garbage collection	\$ 124,570	124,570	115,782
Printing/binding	250	250	261
Miscellaneous	500	500	-
Postage	744	744	568
<b>Total Garbage Operations</b>	<b>126,064</b>	<b>126,064</b>	<b>116,611</b>



**STATISTICAL SECTION**  
**(Unaudited)**



**VILLAGE OF ELWOOD, ILLINOIS**

**Governmental Expenditures by Function (1)**

**Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

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**See Following Page**

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Governmental Expenditures by Function (1) Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

<b>Fiscal Year</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
General Government	\$ 202,313	309,226	473,730	653,617
Public Safety	66,605	74,632	111,320	112,238
Public Works	61,040	39,252	59,718	287,386
Parks and Recreation	N/A	N/A	N/A	N/A
Capital Outlay	6,342	-	82,735	-
Debt Service	68,102	79,068	41,804	41,107
<b>Total</b>	<b>404,402</b>	<b>502,178</b>	<b>769,307</b>	<b>1,094,348</b>

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

Data Source: Village Records

2001	2002	2003	2004	2005	2006
759,724	519,459	1,552,103	1,356,413	930,079	1,530,702
90,811	170,348	304,055	487,526	689,769	1,011,725
354,464	1,360,805	742,679	710,042	424,632	500,530
N/A	N/A	N/A	N/A	74,198	69,450
61,973	12,334,196	17,605,306	18,173,413	7,481,335	5,489,388
-	-	-	-	2,282,662	4,043,636
<u>1,266,972</u>	<u>14,384,808</u>	<u>20,204,143</u>	<u>20,727,394</u>	<u>11,882,675</u>	<u>12,645,431</u>

**VILLAGE OF ELWOOD, ILLINOIS****Governmental Revenues by Source (1)**  
**Last Ten Fiscal Years****April 30, 2006 (Unaudited)**

<b>Fiscal Year</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Taxes	\$ 228,478	320,636	273,140	288,093
Licenses and Permits	42,275	45,951	218,594	518,516
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	6,997	4,114	10,271	5,479
Interest	4,209	6,263	9,384	11,979
Miscellaneous	154,585	136,475	623,172	66,632
<b>Total</b>	<b>436,544</b>	<b>513,439</b>	<b>1,134,561</b>	<b>890,699</b>

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

Data Source: Village Records

2001	2002	2003	2004	2005	2006
309,526	589,143	1,654,037	2,109,670	3,538,069	4,449,755
153,807	117,037	102,777	250,798	172,993	481,353
27,583	1,309,612	2,665,589	2,039,146	536,664	547,394
110,972	22,641	38,251	63,483	2,737,438	2,802,384
225	18,212	13,417	48,055	93,812	116,919
10,015	82,848	98,553	73,116	125,668	281,891
670,739	3,439,290	3,308,269	11,498,555	51,434	646,167
1,282,867	5,578,783	7,880,893	16,082,823	7,256,078	9,325,863

## VILLAGE OF ELWOOD, ILLINOIS

### Property Tax Levies and Collections Last Ten Fiscal Years

April 30, 2006 (Unaudited)

Tax Levy Year	Total Property Tax Extension	Total Tax Collections	Percent of Total Extension Collected
1996	-	-	0.00%
1997	-	-	0.00%
1998	-	-	0.00%
1999	19,574	19,574	100.00%
2000	20,563	20,563	100.00%
2001	21,580	21,580	100.00%
2002	43,024	43,024	100.00%
2003	45,112	45,131	100.04%
2004	47,332	47,341	100.02%
2005	94,706	*	*

\*To be collected in fiscal year 2005-2006 in accordance with Illinois Law.

Data Source: Office of the County Clerk of Will County

## VILLAGE OF ELWOOD, ILLINOIS

### Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

April 30, 2006 (Unaudited)

Tax Levy Year	Equalized Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Estimated Actual Value
1996	\$ 12,070,714	36,212,142	33.33
1997	14,282,050	42,846,150	33.33
1998	17,507,523	52,522,569	33.33
1999	21,415,991	64,247,973	33.33
2000	26,810,573	80,431,719	33.33
2001	30,653,977	91,961,931	33.33
2002	33,095,043	99,285,129	33.33
2003	37,687,459	113,062,377	33.33
2004	40,874,189	122,622,567	33.33
2005	45,270,488	135,811,464	33.33

Data Source: Will County Tax Extension Office

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Property Tax Rates Per \$100 Assessed Valuation**

#### **Direct and Overlapping Governments**

#### **Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

Tax Levy Year	1996	1997	1998	1999
Village of Elwood	0.757	0.130	0.106	0.091
Village of Elwood Road and Bridge	0.139	0.140	0.137	0.136
Forest Preserve	0.140	0.135	0.129	0.139
Will County Bldg Comm	0.066	0.063	0.060	0.058
Jackson Township Town Funds	0.101	0.101	0.099	0.097
Jackson Township Road Funds	0.174	0.175	0.170	0.167
Elwood Fire Protection District	0.402	0.415	0.439	0.441
School District 203	2.502	2.504	2.482	2.454
High School District 204	2.156	2.156	1.992	1.950
Community College District 525	0.215	0.215	0.220	0.219
Manhattan Public Library	0.000	0.000	0.000	0.000
Will County	0.572	0.573	0.566	0.572
<b>Total Tax Rate Per \$100 EAV</b>	<b>7.222</b>	<b>6.606</b>	<b>6.398</b>	<b>6.324</b>
<b>Village's Share of Total Tax Rate</b>	<b>1.97%</b>	<b>2.08%</b>	<b>2.01%</b>	<b>2.20%</b>

Data Source: Office of the Will County Clerk

2000	2001	2002	2003	2004	2005
0.077	0.070	0.130	0.120	0.116	0.209
0.130	0.134	0.135	0.131	0.129	0.127
0.137	0.135	0.132	0.127	0.124	0.148
0.055	0.052	0.048	0.045	0.042	0.012
0.089	0.092	0.093	0.090	0.089	0.088
0.160	0.165	0.167	0.161	0.159	0.157
0.444	0.457	0.463	0.465	0.507	0.561
2.777	2.795	2.813	2.707	2.699	2.616
1.920	2.031	2.272	2.172	2.151	2.089
0.222	0.224	0.221	0.211	0.214	0.209
0.572	0.163	0.162	0.155	0.170	0.178
0.572	0.571	0.558	0.537	0.529	0.526
7.154	6.889	7.193	6.919	6.928	6.920
1.91%	1.96%	1.83%	1.83%	1.67%	3.02%

## **VILLAGE OF ELWOOD, ILLINOIS**

### **Schedule of Legal Debt Margin**

**April 30, 2006 (Unaudited)**

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Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides that the General Assembly may limit the amount and require referenda for approval of debt payable from ad valorem property taxes in excess of one percent of assessed valuation. However, no such statute has been enacted as of this date. Therefore, as a home rule municipality, the Village of Elwood, Illinois has no debt limit.

**VILLAGE OF ELWOOD, ILLINOIS**

**Ratio of General Obligation Bonded Debt to  
Assessed Valuation and Bonded Debt Per Capita  
Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

Fiscal Year	Population	Assessed Value	Outstanding General Obligation Bonded Debt	Less Debt Service Funds	Net General Obligation Bonded Debt	General Obligation Bonded Debt to Assessed Value	Ratio of Outstanding General Obligation Bonded Debt Per Capita	
							General Obligation Bonded Debt	Outstanding General Obligation Bonded Debt Per Capita
1997	950	\$ 12,080,458	\$ 475,000	\$ -	\$ 475,000	3.93%	\$ 500.00	
1998	950	14,313,751	460,000	-	460,000	3.21%		484.21
1999	950	17,536,718	445,000	-	445,000	2.54%		468.42
2000	1,620	21,415,991	430,000	-	430,000	2.01%		265.43
2001	1,620	26,810,573	410,000	-	410,000	1.53%		253.09
2002	1,620	30,653,977	390,000	-	390,000	1.27%		240.74
2003	1,620	33,095,043	-	-	-	0.00%		-
2004	1,620	37,687,459	-	-	-	0.00%		-
2005	1,620	40,874,189	-	-	-	0.00%		-
2006	1,620	45,270,488	12,903,552	-	12,903,552	28.50%		7,965.16

Data Sources: Census Bureau, Office of the County Clerk and Village Records

**VILLAGE OF ELWOOD, ILLINOIS**

**Ratio of Annual Debt Service Expenditures for General  
Bonded Debt to Total General Governmental Expenditures  
Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

Fiscal Year	Principal	Interest	Total Debt Service (1)	(1) Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1997	\$ 45,000	\$ 22,273	\$ 67,273	\$ 404,402	16.64%
1998	50,000	28,475	78,475	502,178	15.63%
1999	15,000	26,495	41,495	769,307	5.39%
2000	15,000	25,798	40,798	1,094,348	3.73%
2001	20,000	24,062	44,062	1,266,972	3.48%
2002	20,000	23,037	43,037	14,384,808	0.30%
2003	-	5,757	5,757	20,204,143	0.03%
2004	-	42,250	42,250	20,727,394	0.20%
2005	-	90,000	90,000	11,882,675	0.76%
2006	-	297,423	297,423	12,645,431	2.35%

(1) Includes General, Special Revenue, Debt Service and Capital Funds.

Data Source: Village Records

**VILLAGE OF ELWOOD, ILLINOIS**

**Schedule of Revenue Bond Coverage  
Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

Fiscal Year	* Gross Revenue	** Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
1997	436,545	404,402	32,143	45,000	22,273	67,273	0.48
1998	513,440	502,178	11,262	50,000	28,475	78,475	0.14
1999	1,134,561	769,308	365,253	15,000	26,495	41,495	8.80
2000	890,700	1,094,348	(203,648)	15,000	25,798	40,798	(4.99)
2001	1,282,867	1,266,972	15,895	20,000	24,062	44,062	0.36
2002	5,578,783	14,384,808	(8,806,025)	20,000	23,037	43,037	(204.62)
2003	7,880,893	20,204,143	(12,323,250)	-	5,757	5,757	(2,140.57)
2004	16,082,823	20,727,394	(4,644,571)	-	42,250	42,250	(109.93)
2005	7,256,078	11,882,675	(4,626,597)	-	90,000	90,000	(51.41)
2006	9,325,863	12,645,431	(3,319,568)	-	235,000	235,000	(14.13)

\*Represents gross operating revenues including interest exclusive of connection fees.

\*\*Excludes depreciation.

Data Source: Village Records

**VILLAGE OF ELWOOD, ILLINOIS****Schedule of Ten Largest Real Estate Taxpayers****April 30, 2006 (Unaudited)**

Name of Taxpayer	Nature of Business	Total Taxable Valuation	Percentage of Village's 2005 Assessed Valuation
Centerpoint Intermodal, LLC	Real Estate Development	\$ 10,592,291	23.40%
Elwood Energy, LLC	Energy Production	3,903,686	8.62%
Centerpoint Elwood, LLC	Real Estate Development	3,028,002	6.69%
CJF1, LLC	Real Estate Development	2,397,198	5.30%
Elwood Energy, LLC	Energy Production	2,177,015	4.81%
Commonwealth Edison Co.	Energy Production	371,127	0.82%
Perc Holdings, LLC	Energy Production	344,680	0.76%
Perc Holdings, LLC	Energy Production	236,004	0.52%
Command Construction, Inc.	Construction	195,930	0.43%
Centerpoint Intermodal, LLC	Real Estate Development	174,113	0.38%
<b>Total</b>		<b>23,420,046</b>	<b>51.73%</b>

Data Source: Will County Clerk Tax Extension Office