

**Village of Riverwoods, Illinois**

**Annual Financial Report**

**For the Year Ended  
December 31, 2004**

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**INDEPENDENT AUDITORS' REPORT**

# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor  
Members of the Board of Trustees  
Village of Riverwoods, Illinois

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village of Riverwoods, Illinois, as of and for the year ended December 31, 2004, which collectively comprise the Village's basic cash basis financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Riverwoods' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note A3 to the combined financial statements, the Village of Riverwoods, Illinois prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As described in Note A to the financial statements, the Village changed its method of reporting to implement the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement No. 38 - *Certain Financial Statement Note Disclosures*, as of January 1, 2004.

(Continued)

The Honorable Mayor  
Members of the Board of Trustees  
Village of Riverwoods, Illinois

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In our opinion, the basic cash basis financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the primary government's governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Riverwoods, Illinois, as of December 31, 2004, and the respective revenues collected, expenditures paid, changes in fund balances, and cash flows, where applicable, for the year then ended, on the basis of accounting described in Note A3.

The management's discussion and analysis on pages 3 through 11 and retirement fund historical data, budgetary comparison information, and notes to the required supplementary information on pages 62 through 81 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the cash basis financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund statements and schedules and capital assets used in the operations of governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules and capital assets used in the operations of governmental funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

MILLER, COOPER & CO., LTD.



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Certified Public Accountants

Northbrook, Illinois  
May 12, 2005

Management's Discussion and Analysis  
December 31, 2004

The Village of Riverwoods implemented Governmental Accounting Standards Board (GASB) statements 34, 37 and 38 in 2004. Next year, comparative analysis based on some of these accounting standards will be presented for the first time. The usefulness of this information will increase over time where sufficient data exists to identify long-term trends.

These accounting standards are designed to provide two perspectives of the Village's financial performance; a focus on the Village as a whole (government-wide) and a focus on the major individual funds. Both perspectives (government-wide and major fund) provide a broader basis upon which to compare and judge the Village's financial accountability. This improved accountability is in part achieved by

- a. Consolidating financial transactions (eliminating activities between certain funds and focusing on major funds),
- b. Allocating specific revenues that finance operations to those expenditures, and
- c. Displaying information about long-term financial decisions (showing whether debt is used to finance operations, the extent of financial investments made in capital and the impact of outstanding or newly issued debt).

#### FINANCIAL HIGHLIGHTS

Village revenue collections showed an 11.25% increase over 2003 continuing the upward trend which began in 2002. Concurrently our expenses were reduced by 7.38% from the previous year; the most significant reduction from 2003 was the 9.45% reduction in contractual services.

#### REPORTING THE VILLAGE AS A WHOLE

##### Government Wide Financial Statements

The Village's Annual Report includes two government-wide financial statements, which are presented in full on pages 9, 10 and 11 of this Report. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses accounting similar to full accrual accounting used in the private sector. Inter-fund activity is eliminated and the cost of assets with a long service life is spread out over future years so that capital expenditures are amortized (through depreciation) when the benefits are realized.

The first government-wide statement is the *Statement of Net Assets* that presents information about all of the Village's assets and liabilities, with the difference reported as *net assets*.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid.

Below is a table summarizing the *Statement of Net Assets*, which is presented in its entirety on page 9 of this report. The Village's total net assets for the current year were \$20,806,049, of which \$11,565,943 represents governmental net assets and \$9,240,106 represents business-type activity net assets.

**STATEMENT OF NET ASSETS**

	<b>Governmental Activities 2004</b>	<b>Business Type Activities 2004</b>	<b>Total Primary Government 2004</b>
Current Assets	\$ 9,752,545	\$ 510,342	\$ 10,262,887
Noncurrent Assets	3,028,145	12,728,161	15,756,306
Total Assets	12,780,690	13,238,503	26,019,193
Liabilities	1,214,747	3,998,397	5,213,144
<u>Net Assets</u>			
Investment in Capital			
Assets, net of Debt	1,819,490	8,729,764	10,549,254
Restricted	2,473,459	-	2,473,459
Unrestricted	7,272,994	510,342	7,783,336
Total Net Assets	\$ 11,565,943	\$ 9,240,106	\$ 20,806,049

Over a multi-year period, an increase or decrease in net assets can detect an improvement or deterioration in the financial position of the Village as a whole. However, one would need to evaluate non-financial factors, such as the condition of Village infrastructure, the satisfaction of constituents, and other information beyond the scope of this report to make a more complete assessment of whether the Village as a whole has improved.

Below is a table summarizing the *Statement of Activities*, which is presented in its entirety on pages 10 and 11 of this report.

**STATEMENT OF ACTIVITIES**

	<b>Governmental Activities 2004</b>	<b>Business Type Activities 2004</b>	<b>Total Primary Government 2004</b>
<b>Revenues Collected:</b>			
<b>Program Revenues:</b>			
Charges for Services			
Police	\$ 187,301	\$ -	\$ 187,301
Consolidated water	-	995,610	995,610
Sewer	-	80,874	80,874
<b>Grant Revenues:</b>			
Police	210,103	-	210,103
Public works	109,653	-	109,653
<b>Total Program Revenues</b>	<u>507,057</u>	<u>1,076,484</u>	<u>1,583,541</u>
<b>General Revenues:</b>			
Property taxes	584,531	772,310	1,356,841
Taxes- other	566,498	-	566,498
Infrastructure maintenance	951,702	-	951,702
Licenses and permits	409,908	-	409,908
Miscellaneous	112,282	9,030	121,312
Interest income	200,348	16,284	216,632
<b>Total General Revenues</b>	<u>2,825,269</u>	<u>797,624</u>	<u>3,622,893</u>
<b>Total Revenues Collected</b>	3,332,326	1,874,108	5,206,434
<b>Expenses Paid:</b>			
Administration and general government	1,137,770	-	1,137,770
Police	713,077	-	713,077
Public works			

	503,027	-	503,027
Interest	53,641	-	53,641
Consolidated water	-	1,100,456	1,100,456
Sewer	-	257,555	257,555
Total Expenses Paid	<u>2,407,515</u>	<u>1,358,011</u>	<u>3,765,526</u>
Increase in net assets before transfers	924,811	516,097	1,440,908
Transfers	<u>(12,583)</u>	12,583	-
Increase in net assets	912,228	528,680	1,440,908
Net Assets- Beginning	<u>10,653,715</u>	<u>8,711,426</u>	<u>19,365,141</u>
Net Assets- Ending	\$ <u>11,565,943</u>	\$ <u>9,240,106</u>	\$ <u>20,806,049</u>

An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, the building department and police department. Business-type activities include water and sewer utilities.

The Village's financial reporting includes only the funds of the Village (primary government). The Village is not accountable for any outside organizations, and therefore no adjustments were made to blend financial information from other legally separate entities into this report.

## REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The Village has three kinds of funds. Accordingly, the Village's Annual Report includes basic *Government Fund Financial Statements*, which are presented on pages 12 and 13 of this report, basic *Proprietary Fund Financial Statements*, which are presented on pages 15 through 17 of this report, and *Agency Fund Financial Statements*, which are presented on page 18 of this report.

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Village's three kinds of funds are described below.

*Governmental funds* are reported in the fund financial statements included later in this Annual Report, and they encompass essentially the same functions reported as governmental activities in the government-wide financial statements.

However, the governmental fund statements present short-term fiscal accountability by focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. The government-wide financial statements present a long-term view.

Comparisons between the individual governmental fund statements and the government-wide statements provide information about financing decisions and the amount invested in maintaining and improving infrastructure. These two perspectives can provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances reconcile the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund. Budgetary comparison schedules for other funds can be found in a later section of this Annual Report. These statements and schedules demonstrate compliance with the Village's budget.

*Proprietary funds* reported in the fund financial statements are for those services in which the Village charges customers a fee. In the Village, the only proprietary funds are the Enterprise Funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Enterprise fund services are primarily provided to customers external to the Village organization: these services in the Village consist of the water and sewer utilities.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements, but with more detail for major enterprise funds and individual component units.

*Agency funds* such as the performance bond fund, are reported in the *Agency Fund Financial Statements*, but are excluded from the government-wide reporting. Resources

reported in the performance bond fund, for example, are not available to fund Village programs.

#### OTHER

Village population of 3,903 represents a 32.9% increase over the last decade. This was due in large part to the development of the Thorngate area and annexation of unincorporated land along the Duffy Road corridor.

The average home value in Riverwoods is \$847,000 and the median income of residents is estimated at \$166,076.

**BASIC FINANCIAL STATEMENTS**

**Village of Riverwoods, Illinois**  
**STATEMENT OF NET ASSETS**  
December 31, 2004

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 4,627,955	\$ 1,110,372	\$ 5,738,327
Investments	4,324,260	200,000	4,524,260
Internal balances	800,330	(800,330)	-
Deposits	-	300	300
	<u>9,752,545</u>	<u>510,342</u>	<u>10,262,887</u>
Total current assets			
Noncurrent assets			
Land and other capital assets not being depreciated	2,363,300	-	2,363,300
Capital assets, net of accumulated depreciation	<u>664,845</u>	<u>12,728,161</u>	<u>13,393,006</u>
	<u>3,028,145</u>	<u>12,728,161</u>	<u>15,756,306</u>
Total noncurrent assets			
	<u>12,780,690</u>	<u>13,238,503</u>	<u>26,019,193</u>
Total assets			
<b>LIABILITIES</b>			
Bonds payable	1,208,655	3,998,397	5,207,052
Other liabilities	<u>6,092</u>	<u>-</u>	<u>6,092</u>
	<u>1,214,747</u>	<u>3,998,397</u>	<u>5,213,144</u>
Total liabilities			
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,819,490	8,729,764	10,549,254
Restricted	2,473,459	-	2,473,459
Unrestricted	<u>7,272,994</u>	<u>510,342</u>	<u>7,783,336</u>
	<u>\$ 11,565,943</u>	<u>\$ 9,240,106</u>	<u>\$ 20,806,049</u>
Total net assets			

The accompanying notes are an integral part of this statement.

**Village of Riverwoods, Illinois**  
**STATEMENT OF ACTIVITIES**  
December 31, 2004

Functions/programs	<u>Expenses</u>	<u>Program Revenues Collected</u>		
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>
<b>Governmental activities</b>				
Administration and general government	\$ 1,137,770	\$ -	\$ -	\$ -
Police	713,077	187,301	-	210,103
Public works	503,027	-	109,653	-
Interest	53,641	-	-	-
Total governmental activities	<u>2,407,515</u>	<u>187,301</u>	<u>109,653</u>	<u>210,103</u>
<b>Business-type activities</b>				
Consolidated water	1,100,456	995,610	-	-
Sewer	257,555	80,874	-	-
Total business-type activities	<u>1,358,011</u>	<u>1,076,484</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,765,526</u>	<u>\$ 1,263,785</u>	<u>\$ 109,653</u>	<u>\$ 210,103</u>
General revenues Property taxes Taxes - other Infrastructure maintenance Licenses and permits Miscellaneous Interest income Transfers  Total general revenue and transfers  Change in net assets  Net assets, beginning of year Restatement (see Note K)  Net assets, beginning of year, as restated  Net assets, end of year				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,137,770)	\$ -	\$ (1,137,770)
(315,673)	-	(315,673)
(393,374)	-	(393,374)
(53,641)	-	(53,641)
<u>(1,900,458)</u>	<u>-</u>	<u>(1,900,458)</u>
-	(104,846)	(104,846)
<u>-</u>	<u>(176,681)</u>	<u>(176,681)</u>
-	(281,527)	(281,527)
<u>(1,900,458)</u>	<u>(281,527)</u>	<u>(2,181,985)</u>
584,531	772,310	1,356,841
566,498	-	566,498
951,702	-	951,702
409,908	-	409,908
112,282	9,030	121,312
200,348	16,284	216,632
(12,583)	12,583	-
<u>2,812,686</u>	<u>810,207</u>	<u>3,622,893</u>
<u>912,228</u>	<u>528,680</u>	<u>1,440,908</u>
8,817,934	6,393,143	15,211,077
<u>1,835,781</u>	<u>2,318,283</u>	<u>4,154,064</u>
<u>10,653,715</u>	<u>8,711,426</u>	<u>19,365,141</u>
<u>\$ 11,565,943</u>	<u>\$ 9,240,106</u>	<u>\$ 20,806,049</u>

**Village of Riverwoods, Illinois**  
**Governmental Funds**  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
ARISING FROM CASH TRANSACTIONS  
December 31, 2004

	<u>General</u>	<u>Police</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,508,597	\$ 383,923	\$ 735,435	\$ 4,627,955
Investments	4,324,260	-	-	4,324,260
Due from other funds	962,628	-	65,777	1,028,405
<b>Total assets</b>	<b><u>\$ 8,795,485</u></b>	<b><u>\$ 383,923</u></b>	<b><u>\$ 801,212</u></b>	<b><u>\$ 9,980,620</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Due to other funds	\$ 214,518	\$ 98,026	\$ 64,272	\$ 376,816
Other liabilities	6,092	-	-	6,092
<b>Total liabilities</b>	<b><u>220,610</u></b>	<b><u>98,026</u></b>	<b><u>64,272</u></b>	<b><u>382,908</u></b>
<b>Fund balances</b>				
Unreserved, designated	2,473,459	-	-	2,473,459
Unreserved, undesignated	6,101,416	285,897	736,940	7,124,253
<b>Total fund balances</b>	<b><u>8,574,875</u></b>	<b><u>285,897</u></b>	<b><u>736,940</u></b>	<b><u>9,597,712</u></b>
	<b><u>\$ 8,795,485</u></b>	<b><u>\$ 383,923</u></b>	<b><u>\$ 801,212</u></b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,018,811
Bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds	(1,208,655)
Agency fund activity treated as external activity	<u>148,741</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 11,556,609</u></b>

The accompanying notes are an integral part of this statement.

## Village of Riverwoods, Illinois

### Governmental Funds

#### COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES IN FUND BALANCES

For the year ended December 31, 2004

	<u>General</u>	<u>Police</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues collected				
Property taxes	\$ -	\$ 326,899	\$ 257,632	\$ 584,531
Other taxes	566,498	-	109,653	676,151
COPS grant	-	210,103	-	210,103
Infrastructure maintenance	951,702	-	-	951,702
Licenses and permits	409,908	-	-	409,908
Fines and forfeits	-	187,301	-	187,301
Impact fees	60,000	-	-	60,000
Interest income	31,824	158,145	10,379	200,348
Miscellaneous revenue	59,831	1,784	-	61,615
<b>Total revenues collected</b>	<b><u>2,079,763</u></b>	<b><u>884,232</u></b>	<b><u>377,664</u></b>	<b><u>3,341,659</u></b>
Expenditures paid				
Personal services	397,116	600,392	5,768	1,003,276
Contractual services	722,978	90,425	205,143	1,018,546
Commodities	15,909	31,190	-	47,099
Capital outlay	790	57,427	255,641	313,858
Debt service	-	-	166,519	166,519
<b>Total expenditures paid</b>	<b><u>1,136,793</u></b>	<b><u>779,434</u></b>	<b><u>633,071</u></b>	<b><u>2,549,298</u></b>
Excess of revenues collected over expenditures paid	<u>942,970</u>	<u>104,798</u>	<u>(255,407)</u>	<u>792,361</u>
Other financing sources (uses)				
Transfers in	-	1,823	366,454	368,277
Transfers out	(365,190)	-	(15,670)	(380,860)
<b>Total other financing sources (uses)</b>	<b><u>(365,190)</u></b>	<b><u>1,823</u></b>	<b><u>350,784</u></b>	<b><u>(12,583)</u></b>
Excess of revenues collected and other financing sources over expenditures paid and other financing uses	577,780	106,621	95,377	779,778
Fund balances				
Beginning of year	<u>7,997,095</u>	<u>179,276</u>	<u>641,563</u>	<u>8,817,934</u>
End of year	<u>\$ 8,574,875</u>	<u>\$ 285,897</u>	<u>\$ 736,940</u>	<u>\$ 9,597,712</u>

The accompanying notes are an integral part of this statement.

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**Village of Riverwoods, Illinois**  
RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED,  
EXPENDITURES PAID, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the year ended December 31, 2004

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 779,778
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	19,572
The repayment of the principal of long-term debt consumes the current financial resources of government funds.	<u>112,878</u>
Change in net assets of governmental activities	<u>\$ 912,228</u>

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The accompanying notes are an integral part of this statement.

**Village of Riverwoods, Illinois**  
**Enterprise Funds**  
COMBINING STATEMENT OF NET ASSETS ARISING FROM CASH TRANSACTIONS  
April 30, 2004

	<u>Consolidated Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 301,295	\$ 809,077	\$ 1,110,372
Investments	200,000	-	200,000
Deposits	300	-	300
	<u>501,595</u>	<u>809,077</u>	<u>1,310,672</u>
Noncurrent assets:			
Capital assets	10,648,628	5,713,400	16,362,028
Accumulated depreciation	<u>(1,833,433)</u>	<u>(1,800,434)</u>	<u>(3,633,867)</u>
	<u>8,815,195</u>	<u>3,912,966</u>	<u>12,728,161</u>
Total net assets	<u>9,316,790</u>	<u>4,722,043</u>	<u>14,038,833</u>
<b>LIABILITIES</b>			
Current liabilities			
Due to other funds	615,090	185,240	800,330
Bonds payable	<u>2,100,397</u>	<u>1,898,000</u>	<u>3,998,397</u>
Total liabilities	<u>2,715,487</u>	<u>2,083,240</u>	<u>4,798,727</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,714,798	2,014,966	8,729,764
Unrestricted	<u>(113,495)</u>	<u>623,837</u>	<u>510,342</u>
Total net assets	<u>\$ 6,601,303</u>	<u>\$ 2,638,803</u>	<u>\$ 9,240,106</u>

The accompanying notes are an integral part of this statement.

## Village of Riverwoods, Illinois

### Enterprise Funds

#### COMBINING STATEMENT OF REVENUES COLLECTED, EXPENSES PAID, AND CHANGES IN FUND NET ASSETS

For the year ended December 31, 2004

	Consolidated Water Fund	Sewer Fund	Totals
Operating revenues collected			
Charges for sales and services	\$ 995,610	\$ 80,874	\$ 1,076,484
Operating expenses paid			
Operations	785,922	29,365	815,287
Depreciation	211,899	114,886	326,785
Total operating expenses paid	997,821	144,251	1,142,072
Excess (deficiency) of operating revenues collected over operating expenses paid	(2,211)	(63,377)	(65,588)
Nonoperating revenues collected (expenses paid)			
Property taxes	364,127	408,183	772,310
Interest income	12,644	3,640	16,284
Debt service - interest	(102,635)	(112,887)	(215,522)
Other	9,030	(417)	8,613
Total non-operating revenues collected (expenses paid)	283,166	298,519	581,685
Excess of revenues collected over expenses paid before operating transfers	280,955	235,142	516,097
Operating transfers			
Transfers in	13,847	-	13,847
Transfers out	(1,264)	-	(1,264)
	12,583	-	12,583
Excess of revenues collected over expenses paid before operating transfers	293,538	235,142	528,680
Net assets			
Beginning of year	4,387,604	2,005,539	6,393,143
Restatement (see Note K)	1,920,161	398,122	2,318,283
Beginning of year, as restated	6,307,765	2,403,661	8,711,426
End of year	\$ 6,601,303	\$ 2,638,803	\$ 9,240,106

The accompanying notes are an integral part of this statement.

**Village of Riverwoods, Illinois**  
**Enterprise Funds**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2004

	Consolidated Water Fund	Sewer Fund	Totals
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 995,610	\$ 80,874	\$ 1,076,484
Cash payments to suppliers for goods and services	(753,793)	(21,355)	(775,148)
Cash payments to employees for services	(32,129)	(8,010)	(40,139)
Net cash provided by operating activities	<u>209,688</u>	<u>51,509</u>	<u>261,197</u>
<b>Cash flows from capital and related financing activities</b>			
Property tax revenue collected	364,127	408,183	772,310
Principal paid on revenue bonds	(234,158)	(208,853)	(443,011)
Interest paid on revenue bonds	(102,635)	(112,887)	(215,522)
Purchase of fixed assets	(310,678)	(40,293)	(350,971)
Net cash used in capital and related financing activities	<u>(283,344)</u>	<u>46,150</u>	<u>(237,194)</u>
<b>Cash flows from non-capital financing activities</b>			
Cash payments to General fund	(207,417)	-	(207,417)
Operating transfers	12,583	-	12,583
Other	9,030	(415)	8,615
Net cash used in non-capital financing activities	<u>(185,804)</u>	<u>(415)</u>	<u>(186,219)</u>
<b>Cash flows from investing activities</b>			
Interest income	12,644	3,640	16,284
NET INCREASE (DECREASE) IN CASH	(246,816)	100,884	(145,932)
<b>Cash and equivalents</b>			
Beginning of year	<u>548,111</u>	<u>708,193</u>	<u>1,256,304</u>
End of year	<u>\$ 301,295</u>	<u>\$ 809,077</u>	<u>\$ 1,110,372</u>

The accompanying notes are an integral part of this statement.

**Village of Riverwoods, Illinois**  
**Agency Fund - Performance Bond Fund**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
For the year ended December 31, 2004

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	<u>January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2004</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 515,980	\$ 390,905	\$ 378,995	\$ 527,890
Investments	-	30,158	-	30,158
Escrow bonds				
Due from developers	61,257	38,854	605	99,506
Due from other funds	148,741	-	-	148,741
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>725,978</u>	\$ <u>459,917</u>	\$ <u>379,600</u>	\$ <u>806,295</u>
<b>LIABILITIES</b>				
Due to developers				
Performance bonds	\$ 636,018	\$ 370,076	\$ 296,596	\$ 709,498
Escrow bonds	89,960	50,382	43,545	96,797
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	\$ <u>725,978</u>	\$ <u>420,458</u>	\$ <u>340,141</u>	\$ <u>806,295</u>

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The accompanying notes are an integral part of this statement.

**Village of Riverwoods, Illinois**  
INDEX FOR NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2004

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**Village of Riverwoods, Illinois**  
**INDEX FOR NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2004**

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**Village of Riverwoods, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2004

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Riverwoods, Illinois (Village), have been prepared using the cash basis of accounting which is a comprehensive basis of accounting but not in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fiscal year 2004 is the first year in which the Village implemented GASB Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38 - *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. These documents establish new financial reporting requirements and significantly change the format and content of the Village's financial statements. The more significant of the Village's accounting policies are described below.

1. Reporting Entity

The Village was incorporated on December 14, 1959. These financial statements present the Village (the primary government) and its component units, if applicable. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of its operational or financial relationships with the primary government. No entities met the requirements to be reported as a component unit.

2. Fund Accounting

The Village uses funds to report on its cash basis financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the payment of bond principal and interest (debt service funds), and the acquisition or construction of capital assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

**Village of Riverwoods, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2004

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of income is necessary or useful to sound financial administration. Enterprise (proprietary) funds provide goods or services from such activities to outside parties.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. Agency funds generally are used to account for assets that the Village holds on behalf of others, as their agent.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared using the cash basis of accounting. The cash basis of accounting omits recognition of certain revenues and the related assets, such as taxes receivable, until received rather than when earned. Also, certain expenditures and the related liabilities, such as accounts payable and accrued items, are recognized when paid rather than when the obligation is incurred. The financial statements reflect assets and liabilities arising from cash transactions, revenues collected, and expenditures/expenses paid. The cash basis of accounting is a comprehensive basis of accounting other than GAAP.

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Police Fund* accounts for operations associated with the Village's Police department.

The Village reports the following major proprietary funds:

The *Consolidated Water Fund* accounts for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

The *Sewer Fund* accounts for the provision of sewerage services to the residents of the Village and operation of the sewer infrastructure. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

**Village of Riverwoods, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2004

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Budgets

The Village budgets on the cash basis of accounting. The appropriation ordinance, which is the legal authority to spend, was passed March 16, 2004, and was not amended during the year. All appropriations lapse at the fiscal year-end. The Village appropriated for all funds, with the exception of the capital projects funds.

5. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in interest-bearing checking accounts, and certificates of deposits with original maturities of three months or less from the date of acquisition.

6. Investments

Investments consist of certificates of deposit, mutual funds, U.S. Government Agency Securities, and U.S. treasury notes with maturities greater than three months. All investments are stated at cost or amortized cost, which approximate fair value.

7. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the statement of assets and liabilities arising from cash transactions. Those not eliminated for the entity-wide statements are titled "Internal balances".

8. Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets (e.g. roads, storm sewers, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. Capital Assets (Continued)**

The following estimated useful lives are used to compute depreciation:

Buildings and improvements	40 years
Office equipment	5 - 10 years
Infrastructure - roads	20 years
Infrastructure - storm sewers	50 years
Vehicles	5 years
Water/sewer systems *	20 - 50 years

\* Including pumping stations and reservoirs, water tower, water mains, and sewers

**9. 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 or business-type activities statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

**10. Fund Equity**

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 management plans that are subject to change.

Designated fund balances in the General Fund represent tentative Board plans for future use of financial resources, as follows:

Police impact fees	\$ <u>2,473,459</u>
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Additionally, fund balances in certain special revenue and debt service funds are reserved for specific purposes.

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Interfund Transactions

Quasi-external transactions are accounted for as revenues collected, expenditures paid, or expenses paid. Transactions that constitute reimbursements to a fund for expenditures/expenses paid initially from it, that are properly applicable to another fund, are recorded as expenditures/expenses paid in the reimbursing fund and as reductions of expenditures/expenses paid in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

12. Property Taxes

Property taxes attach as an enforceable lien on January 1. They are levied in December (by passage of a Tax Levy Ordinance). Tax bills are payable in two installments, on or about June 1 and on or about September 1 the following year. The County collects such taxes and remits them periodically. Property tax revenues are recognized when collected.

NOTE B - LEGAL COMPLIANCE AND ACCOUNTABILITY

1. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following fund:

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Motor Fuel Tax Fund	\$ 77,000	\$ 102,270	\$ (25,270)
Whigham Burr Oak SSA 20 Fund	-	17,065	(17,065)

2. Deficit Fund Balance/Retained Earnings of Individual Funds

The following fund had a deficit in fund balance as of December 31, 2004:

<u>Fund</u>	<u>Deficit Balance</u>
Special Service Area Number 19	\$ 5,500

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE C - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. Explanation of certain differences between the governmental funds statement of revenues collected, expenditures paid, and changes in fund balances and the government-wide statement of activities:

One element of that reconciliation explains that "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." The details of this difference are as follows:

Capital outlay	\$	88,532
Depreciation expense		(59,626)
Disposals		<u>(9,334)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities		<u>\$ 19,572</u>

**NOTE D - DEPOSITS AND INVESTMENTS**

The Village maintains various individual and comingled cash and investment accounts that are available for use by the various funds. Each fund type's portion of the cash and investment accounts is displayed on the combined statement of assets and liabilities arising from cash transactions as "cash and cash equivalents" and "investments".

1. Permitted Deposits and Investments

Statutes and the Village's investment policy authorize the Village to make deposits/invest in: insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

2. Deposits

At December 31, 2004, the carrying amount of the Village's deposits, including cash on hand of \$300, totaled \$1,076,887 and the bank balances totaled \$1,078,716.

**Village of Riverwoods, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2004

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NOTE D - DEPOSITS AND INVESTMENTS (Continued)

2. Deposits (Continued)

	<u>Bank Balance</u>
Category 1	
Deposits covered by federal depository insurance, or by collateral held by the Village, or its agent, in the Village's name.	\$ 831,687
Category 2	
Deposits covered by collateral held by the pledging financial institution's trust department, or by its agents, in the Village's name.	-
Category 3	
Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the Village's name, and deposits which are uninsured and uncollateralized.	<u>247,029</u>
Total deposits	<u>\$ 1,078,716</u>

3. Investments

The Village's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Village's name, and uninsured, unregistered investments.

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE D - DEPOSITS AND INVESTMENTS (Continued)**

**3. Investments (Continued)**

	Category			Total Carrying/ Fair Value
	1	2	3	
Certificates of Deposit	\$ 1,931,000	\$ -	\$ -	\$ 1,931,000
U.S. Government Securities	2,553,847	-	-	2,553,847
	\$ 4,484,847	\$ -	\$ -	4,484,847
* Illinois Funds				5,189,331
* Mutual Funds				39,412
 Total investments				\$ 9,713,590

\* Not subject to risk categories. The fair value of the position in the Illinois Funds is the same as the value of the pool shares and conforms to the Illinois Public Funds Act. The mutual fund is managed by the financial institution in which it is held.

**4. Reconciliation to Statement of Assets and Liabilities Arising from Cash Transactions**

Carrying amount of deposits	\$ 1,076,587
Cash on hand	300
Total investments	9,713,590
	\$ 10,790,477
 Cash and cash equivalents	\$ 5,738,327
Investments	4,524,260
Cash and cash equivalents in Agency fund	527,890
	\$ 10,790,477

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE E - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004 was as follows:

1. <u>Governmental</u>	Beginning Balance	GASB 34 Adjustments	Beginning Balance, As Restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated						
Land	\$ 1,429,090	\$ 934,210	\$ 2,363,300	\$ -	-	\$ 2,363,300
Construction in progress	8,361	(8,361)	-	-	-	-
Total capital assets not being depreciated	<u>1,437,451</u>	<u>925,849</u>	<u>2,363,300</u>	<u>-</u>	<u>-</u>	<u>2,363,300</u>
Capital assets being depreciated						
Buildings and improvements	835,003	(239,423)	595,580	-	-	595,580
Office equipment	301,727	(155,956)	145,771	-	-	145,771
Infrastructure	-	-	-	46,995	-	46,995
Bike path	125,000	(125,000)	-	-	-	-
Vehicles	182,295	(54,132)	128,163	41,537	(40,000)	129,700
Total capital assets being depreciated	<u>1,444,025</u>	<u>(574,511)</u>	<u>869,514</u>	<u>88,532</u>	<u>(40,000)</u>	<u>918,046</u>
Less accumulated depreciation for:						
Buildings and improvements	-	90,112	90,112	11,912	-	102,024
Office equipment	-	88,496	88,496	14,168	-	102,664
Infrastructure	-	-	-	940	-	940
Vehicles	-	45,633	45,633	32,607	(30,667)	47,573
Total accumulated depreciation	<u>-</u>	<u>224,241</u>	<u>224,241</u>	<u>59,627</u>	<u>(30,667)</u>	<u>253,201</u>
Total capital assets being depreciated, net	<u>1,444,025</u>	<u>(798,752)</u>	<u>645,273</u>	<u>28,905</u>	<u>(9,333)</u>	<u>664,845</u>
Governmental activities capital assets, net	<u>\$ 2,881,476</u>	<u>\$ 127,097</u>	<u>\$ 3,008,573</u>	<u>\$ 28,905</u>	<u>\$ (9,333)</u>	<u>\$ 3,028,145</u>

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE E - CAPITAL ASSETS (Continued)**

2. <u>Enterprise</u>	<u>Beginning Balance</u>	<u>GASB 34 Adjustments</u>	<u>Beginning Balance, As Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Pumping stations and reservoirs	\$ 2,466,486	\$ 399,664	\$ 2,866,150	\$ -	\$ -	\$ 2,866,150
Water tower	50,000	-	50,000	-	-	50,000
Water mains	7,757,789	(339,648)	7,418,141	314,337	-	7,732,478
Sewers	2,523,502	3,149,605	5,673,107	40,293	-	5,713,400
Construction in progress - water mains	3,660	-	3,660	-	(3,660)	-
Total capital assets - cost	12,801,437	3,209,621	16,011,058	354,630	(3,660)	16,362,028
Accumulated depreciation	(2,415,743)	(891,338)	(3,307,081)	(326,786)	-	(3,633,867)
Net capital assets	<u>\$ 10,385,694</u>	<u>\$ 2,318,283</u>	<u>\$ 12,703,977</u>	<u>\$ 27,844</u>	<u>\$ (3,660)</u>	<u>\$ 12,728,161</u>

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE F - LONG-TERM DEBT**

**1. Changes in Long-Term Liabilities**

During the year the following changes occurred in liabilities reported in the governmental funds:

	<u>December 31,</u> <u>2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31,</u> <u>2004</u>	<u>Due Within</u> <u>One Year</u>
<b>Special Service Area Bonds:</b>					
Special Service Area Number 8	\$ 205,385	\$ -	\$ 25,461	\$ 179,924	\$ 26,635
Special Service Area Number 9	54,769	-	6,790	47,979	7,103
Special Service Area Number 10	146,837	-	-	146,837	5,551
Special Service Area Number 11	167,351	-	20,746	146,605	21,702
Special Service Area Number 15	302,916	-	36,595	266,321	38,585
Special Service Area Number 19	163,525	-	13,146	150,379	13,984
Special Service Area Number 20	280,750	-	10,140	270,610	24,201
<b>Total</b>	<b>\$ 1,321,533</b>	<b>\$ -</b>	<b>\$ 112,878</b>	<b>\$ 1,208,655</b>	<b>\$ 137,761</b>

During the year the following changes occurred in long-term liabilities reported in enterprise funds:

	<u>December 31,</u> <u>2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31,</u> <u>2004</u>	<u>Due Within</u> <u>One Year</u>
<b>Special Service Area Bonds:</b>					
Duffy Sewer	\$ 65,000	\$ -	\$ -	\$ 65,000	\$ 30,000
Thornmeadow Sewer	128,000	-	-	128,000	30,000
South Riverwood Sewer	1,913,854	-	208,854	1,705,000	222,325
North Central Water	1,962,518	-	207,898	1,754,620	217,806
North Robinwood Water	133,752	-	-	133,752	5,077
Northwest Water	188,426	-	21,026	167,400	22,186
Cherrywood Road	49,858	-	5,233	44,625	5,621
<b>Total</b>	<b>\$ 4,441,408</b>	<b>\$ -</b>	<b>\$ 443,011</b>	<b>\$ 3,998,397</b>	<b>\$ 533,015</b>

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

NOTE F - LONG-TERM DEBT (Continued)

2. Annual Debt Service Requirements to Maturity

ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS

Year Ending December 31	Special Service Area Bonds <u>Governmental</u>	Special Service Area Bonds <u>Proprietary</u>	<u>Total</u>
2005	\$ 198,410	\$ 736,435	\$ 934,845
2006	198,061	738,872	936,933
2007	197,712	703,014	900,726
2008	197,363	702,063	899,426
2009	197,013	667,744	864,757
2010-2014	<u>487,211</u>	<u>1,246,513</u>	<u>1,733,724</u>
Total principal and interest \$	<u>1,475,770</u>	<u>\$ 4,794,641</u>	<u>\$ 6,270,411</u>

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE G - INTERFUND RECEIVABLES AND PAYABLES**

At December 31, 2004 interfund receivables and payables consist of the following:

Governmental Funds	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General		
Police	\$ 98,026	\$ -
Nonmajor governmental funds		
Motor Fuel Tax	58,772	-
Duffy Roads	-	42,268
Russell Storm Sewer	-	23,509
Special Service Area Number 19	5,500	-
Consolidated Water	615,090	-
Sewer	185,240	-
Performance Bond	-	148,741
Total General fund	<u>962,628</u>	<u>214,518</u>
Police		
General	-	98,026
Total Police fund	<u>-</u>	<u>98,026</u>
Motor-Fuel Tax		
General	-	58,772
Total Motor Fuel Tax fund	<u>-</u>	<u>58,772</u>
Duffy Roads		
General	42,268	-
Total Duffy Roads funds	<u>42,268</u>	<u>-</u>
Russell Storm Sewer		
General	23,509	-
Total Russell Storm Sewer fund	<u>23,509</u>	<u>-</u>

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

NOTE G - INTERFUND RECEIVABLES AND PAYABLES (Continued)

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Special Service Area Number 19		
General	\$ -	\$ 5,500
Total Special Service Area Number 19 fund	<u>-</u>	<u>5,500</u>
Total Governmental funds	<u>1,028,405</u>	<u>376,816</u>
Enterprise Funds		
Consolidated Water		
General	-	615,090
Total Consolidated Water fund	<u>-</u>	<u>615,090</u>
Sewer		
General	-	185,240
Total Sewer fund	<u>-</u>	<u>185,240</u>
Total Enterprise funds	<u>-</u>	<u>800,330</u>
Agency Fund		
Performance Bond		
General	148,741	-
Total Performance Bond fund	<u>148,741</u>	<u>-</u>
Total Agency fund	<u>148,741</u>	<u>-</u>
Total All Funds	1,177,146	1,177,146
Elimination of amounts due to/from funds of the same type	<u>(228,075)</u>	<u>(228,075)</u>
Total	<u>\$ 949,071</u>	<u>\$ 949,071</u>

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE H - OPERATING TRANSFERS**

The transfers below relate to the closing of certain funds:

Governmental Funds	<u>Transfer In</u>	<u>Transfer Out</u>
General		
Road and Bridge	\$ -	\$ 192,641
Drainage	-	168,348
Special Service Area Number 18	-	4,201
Total General Fund	<u>-</u>	<u>365,190</u>
Police		
DCCA Police Grant	<u>1,823</u>	<u>-</u>
Total Police Fund	<u>1,823</u>	<u>-</u>
Road and Bridge		
General	<u>192,641</u>	<u>-</u>
Total Road and Bridge fund	<u>192,641</u>	<u>-</u>
Drainage		
General	<u>168,348</u>	<u>-</u>
Total Drainage fund	<u>168,348</u>	<u>-</u>
Special Service Area Number 14		
Consolidated Water	<u>1,264</u>	<u>-</u>
Total Special Service Area Number 14 fund	<u>1,264</u>	<u>-</u>
Special Service Area Number 18		
General	<u>4,201</u>	<u>-</u>
Total Special Service Area Number 18 fund	<u>4,201</u>	<u>-</u>
DCCA Water Grant		
Consolidated Water	<u>-</u>	<u>13,847</u>
Total DCCA Water Grant fund	<u>-</u>	<u>13,847</u>

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE H - OPERATING TRANSFERS** (Continued)

	<u>Transfer In</u>	<u>Transfer Out</u>
DCCA Police Grant fund		
Police	\$ -	\$ 1,823
Total DCCA Police Grant fund	-	1,823
Total Governmental Funds	368,277	380,860
Enterprise Funds		
Consolidated Water		
Special Service Area Number 14	-	1,264
DCCA Water Grant	13,847	-
Total Consolidated Water Fund	13,847	1,264
Total Enterprise Funds	13,847	1,264
Total Interfund Transfers	382,124	382,124
Elimination of transfers to/from funds of the same type	(367,013)	(367,013)
Total	\$ 15,111	\$ 15,111

**Village of Riverwoods, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2004

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NOTE I - JOINT VENTURES

1. Solid Waste Agency of Lake County (SWALCO)

The Village is a member of the Solid Waste Agency of Lake County (the "Agency") which consists of 38 municipalities. The Agency is a municipal corporation and public body politic established pursuant to the Constitution Act of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended, (the "Acts"). The Agency is empowered under the Acts to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members.

The percentage share of the Village based on formulas contained in the Agency agreement as of December 31, 2004 is 0.94%. This percentage share is subject to change in future years based on the population and equalized assessed valuation of the municipalities.

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

The Agency is governed by a Board of Directors which consists of one appointed mayor, president, trustee, or chief administrative officer from each member municipality. Each Director has an equal vote. The Board of Directors determines the policies of the Agency, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by the Agency, adopts by-laws, rules, and regulations, and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the by-laws.

Complete financial statements are available from the Solid Waste Agency of Lake County, 1300 North Skokie Highway, Suite 103, Gurnee, Illinois 60031.

2. Northern Illinois Police Crime Laboratory (NIPCL)

The Village is a member of the Northern Illinois Police Crime Laboratory (the Laboratory). Each of the 37 members of the Laboratory are assessed annual fees based on their population, and assessments are due in May of each year. The Laboratory is organized as a tax-exempt organization qualifying under the Internal Revenue Code Section 501(c)(3). The Village contributed \$6,111 to the Laboratory during 2004.

Complete financial statements are available from the Northern Illinois Police Crime Laboratory, 1677 Old Deerfield Road, Highland Park, Illinois 60035.

**Village of Riverwoods, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2004

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NOTE I - JOINT VENTURES (Continued)

3. Northern Suburban Special Recreation Association (NSSRA)

The Village, along with twelve other governments, has entered into a joint agreement to provide cooperative recreational programs and other activities for handicapped and impaired individuals. Each partner agency provides funding based on a two-part formula that includes that partner's relative share of the aggregate equalized valuation and that partner's relative share of aggregate gross population. The Village contributed \$22,100 to the Association during the current fiscal year.

The Village does not have a direct financial interest in the Association; therefore, its investment therein is not reported within the financial statements. Upon dissolution of the Association, the assets, if any, shall be divided among the members in accordance with an equitable formula as determined by a unanimous vote of the Board of Directors of the Association.

A complete financial statement for the Association can be obtained from the Association's administrative offices at 3105 MacArthur Blvd., Northbrook, Illinois, 60062.

NOTE J - ILLINOIS MUNICIPAL RETIREMENT FUND

The defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org/pubs/pubs\\_home\\_page.htm](http://www.imrf.org/pubs/pubs_home_page.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.5% of their annual covered salary. The member rate is established by State Statute. The Village is required to contribute at an actuarially determined rate. The Village's rate for calendar year 2004 was 9.08% of payroll. The Village's contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2004 was 28 years.

**Village of Riverwoods, Illinois**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2004

**NOTE J - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)**

For the year ended December 31, 2004, the Village's annual pension cost of \$63,461 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. 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 with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-2001 experience study.

Trend information for the employer's annual pension cost, percentage of annual pension cost contributed, and net pension obligation for the last three years consists of the following:

Actuarial Valuation Date	Annual Required Contribution	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2004	\$ 63,461	\$ 63,461	100%	\$ -
12/31/2003	61,205	61,205	100%	-
12/31/2002	57,348	57,348	100%	-

**NOTE K - RESTATEMENT DUE TO CHANGE IN ACCOUNTING METHOD**

Net assets of governmental activities on the statement of activities and fund balance of the governmental funds in the fund financial statements have been restated as of the beginning of the year for the effects of implementing GASB Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* . The following is a summary of the restatement:

Increase in net assets due to capitalization of fixed assets, net	\$ 3,008,573
Decrease in net assets due to recording Special Service Area bonds	(1,321,533)
Agency fund activity treated as external activity	<u>148,741</u>
Net restatement	<u>\$ 1,835,781</u>

**Village of Riverwoods, Illinois**  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2004

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**NOTE K - RESTATEMENT DUE TO CHANGE IN ACCOUNTING METHOD (Continued)**

Net assets of enterprise funds in the combining statement of revenues collected, expenses paid and changes in fund net assets have also been restated as of the beginning of the year for the effect of implementing GASB Statement No. 34, as described above. The following is a summary of the restatement:

	<u>Consolidated Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Increase in net assets due to capitalization of fixed assets, net	\$ <u>1,920,161</u>	\$ <u>398,122</u>	\$ <u>2,318,283</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Village of Riverwoods, Illinois**  
 Illinois Municipal Retirement Fund Pension Data  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
December 31, 2004  
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2004	\$ 428,462	\$ 551,263	\$ 122,801	77.72%	\$ 698,913	17.57%
12/31/2003	341,165	431,002	89,837	79.16%	660,254	13.61%
12/31/2002	310,984	355,747	44,763	87.42%	568,365	7.88%
12/31/2001	186,488	245,045	58,557	76.10%	325,907	17.97%
12/31/2000	111,776	170,653	58,877	65.50%	238,309	24.71%
12/31/1999	67,811	142,977	75,166	47.43%	205,610	36.56%
12/31/1998	174,061	262,029	87,968	66.43%	151,804	57.95%
12/31/1997	154,902	228,730	73,828	67.72%	131,823	56.01%
12/31/1996	122,728	176,671	53,943	69.47%	115,987	46.51%
12/31/1995	100,153	161,303	61,150	62.09%	110,286	55.45%

On a market value basis, the actuarial value of assets as of December 31, 2004 is \$429,567. On a market basis, the funded ratio would be 77.92%.

\* Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2004 are based on the 1999-2001 Experience Study.

The principal changes were:

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

**Village of Riverwoods, Illinois**  
**General Fund**  
**STATEMENT OF REVENUES COLLECTED**  
**APPROPRIATION AND ACTUAL**  
**For the year ended December 31, 2004**

	<u>Appropriation</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues collected			
Taxes			
State income taxes	\$ 240,000	\$ 245,728	\$ 5,728
Sales and local use taxes	270,000	251,785	(18,215)
Hotel tax	80,000	68,985	(11,015)
Personal property replacement taxes	1,200	-	(1,200)
Total taxes	<u>591,200</u>	<u>566,498</u>	<u>(24,702)</u>
Infrastructure maintenance			
Telecommunications	350,000	559,184	209,184
Electric	200,000	262,758	62,758
Gas	200,000	129,760	(70,240)
Total infrastructure maintenance	<u>750,000</u>	<u>951,702</u>	<u>201,702</u>
Licenses and permits			
Liquor licenses	20,000	22,500	2,500
Cable television franchise fees	31,000	34,316	3,316
Telephone franchise fees	20,000	-	(20,000)
Construction fees	250,000	226,838	(23,162)
Cell tower lease	78,000	80,603	2,603
Special inspection	1,000	3,583	2,583
Elevator permits	-	7,576	7,576
Forester fees	-	11,735	11,735
Forest permits	-	9,200	9,200
Engineer fees	-	12,350	12,350
Other	-	1,207	1,207
Total licenses and permits	<u>400,000</u>	<u>409,908</u>	<u>9,908</u>
Interest income	<u>30,000</u>	<u>31,824</u>	<u>1,824</u>
Other revenue			
Impact fees	30,000	60,000	30,000
Insurance reimbursements	-	27,169	27,169
Miscellaneous revenue	-	32,662	32,662
Total other revenue	<u>30,000</u>	<u>119,831</u>	<u>89,831</u>
Total revenues collected	<u>\$ 1,801,200</u>	<u>\$ 2,079,763</u>	<u>\$ 278,563</u>

**Village of Riverwoods, Illinois**  
**General Fund**  
**STATEMENT OF EXPENDITURES PAID**  
**APPROPRIATION AND ACTUAL**  
**For the year ended December 31, 2004**

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Expenditures paid</b>			
<b>Personal services</b>			
Salaries	\$ 323,000	\$ 305,739	\$ 17,261
FICA	25,000	23,412	1,588
IMRF	42,563	29,748	12,815
Unemployment insurance	1,400	1,710	(310)
Health insurance	36,000	36,507	(507)
<b>Total personal services</b>	<u>427,963</u>	<u>397,116</u>	<u>30,847</u>
<b>Contractual services</b>			
Maintenance - building	40,000	30,007	9,993
Maintenance - equipment	10,000	1,483	8,517
Maintenance - grounds	12,000	9,971	2,029
Insurance	170,000	63,452	106,548
Telephone	55,000	21,314	33,686
Travel and meetings	26,000	7,619	18,381
Training	1,000	-	1,000
Postage	10,000	8,100	1,900
Advertising	4,000	2,391	1,609
Village Voice	15,000	12,538	2,462
Printing	1,500	2,240	(740)
Accounting	25,000	17,939	7,061
Engineering	210,000	137,227	72,773
Legal	150,000	113,709	36,291
Inspection fees	12,000	46,413	(34,413)
Other professional	120,000	108,313	11,687
Dues and subscriptions	4,800	2,910	1,890
NSSRA	22,000	22,100	(100)
Forest permits	100,000	44,115	55,885
Other	94,500	71,137	23,363
<b>Total contractual services</b>	<u>1,082,800</u>	<u>722,978</u>	<u>359,822</u>
<b>Commodities</b>			
Office supplies	37,000	15,829	21,171
Publications	500	80	420
<b>Total commodities</b>	<u>37,500</u>	<u>15,909</u>	<u>21,591</u>
<b>Capital outlay</b>			
Land acquisition	5,000,000	-	5,000,000
Equipment	10,000	790	9,210
<b>Total capital outlay</b>	<u>5,010,000</u>	<u>790</u>	<u>5,009,210</u>
<b>Total expenditures paid</b>	<u>\$ 6,558,263</u>	<u>\$ 1,136,793</u>	<u>\$ 5,421,470</u>

# Village of Riverwoods, Illinois

## Police Fund

### STATEMENT OF REVENUES COLLECTED AND EXPENDITURES PAID

#### APPROPRIATION AND ACTUAL

For the year ended December 31, 2004

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	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues collected			
Property taxes	\$ 325,000	\$ 326,899	\$ 1,899
COPS grant	173,000	210,103	37,103
Fines and forfeits	118,300	187,301	69,001
Interest income	130,000	158,145	28,145
Miscellaneous	-	1,784	1,784
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues collected	\$ <u>746,300</u>	\$ <u>884,232</u>	\$ <u>137,932</u>
Expenditures paid			
Personal services			
Salaries	\$ 526,000	\$ 489,393	\$ 36,607
Health insurance	66,000	43,669	22,331
FICA	41,000	33,889	7,111
IMRF	38,000	33,441	4,559
Unemployment insurance	100	-	100
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total personal services	<u>671,100</u>	<u>600,392</u>	<u>70,708</u>
Contractual services			
Legal	22,000	16,160	5,840
Crime laboratory	6,600	6,111	489
Training	-	2,108	(2,108)
Other professional	100,000	66,046	33,954
Postage	600	-	600
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total contractual	<u>129,200</u>	<u>90,425</u>	<u>38,775</u>

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Village of Riverwoods, Illinois

Police Fund

STATEMENT OF REVENUES COLLECTED AND EXPENDITURES PAID

APPROPRIATION AND ACTUAL (Continued)

For the year ended December 31, 2004

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	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - (Unfavorable)</u>
Commodities			
Telephone	\$ 5,200	\$ 4,362	\$ 838
Travel	1,500	16	1,484
Office expenses	15,000	4,572	10,428
Fuel for squad cars	20,000	18,195	1,805
Miscellaneous	70,000	4,045	65,955
Total commodities	<u>111,700</u>	<u>31,190</u>	<u>80,510</u>
Capital outlay			
Squad cars and related equipment	130,000	52,723	77,277
Police officer equipment	9,000	4,704	4,296
Total capital outlay	<u>139,000</u>	<u>57,427</u>	<u>81,573</u>
Total expenditures paid	<u>\$ 1,051,000</u>	<u>\$ 779,434</u>	<u>\$ 271,566</u>

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**Village of Riverwoods, Illinois**  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the year ended December 31, 2004

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1. **Appropriations**

All departments of the Village submit requests for appropriation to the Mayor so that an appropriation ordinance may be prepared. The appropriation ordinance is prepared by fund and includes requested appropriations for the next fiscal year.

The proposed appropriation ordinance is presented to the Board of Trustees for review. The Board of Trustees holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the appropriations ordinance.

The Mayor is authorized to transfer appropriated amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

The appropriations may be amended by the Board of Trustees.

Expenditures may not legally exceed appropriations at the fund level. During the year, there were no supplemental appropriations.

**NONMAJOR GOVERNMENTAL FUNDS**

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**Village of Riverwoods, Illinois**  
**Nonmajor Governmental Funds**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
December 31, 2004

	<u>Special Revenue Funds</u>			
	<u>Road and Bridge</u>	<u>Drainage</u>	<u>Motor Fuel Tax</u>	<u>Duffy Roads</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 507,134	\$ 6,450
Due from other funds	-	-	-	42,268
	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,268</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,134</u>	<u>\$ 48,718</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Due to other funds	\$ -	\$ -	\$ 58,772	\$ -
Fund balances (deficits)				
Unreserved, undesignated	-	-	448,362	48,718
	<u>-</u>	<u>-</u>	<u>448,362</u>	<u>48,718</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,134</u>	<u>\$ 48,718</u>

Special Revenue Funds		Debt Service Funds			
Russell Storm Sewer	Total Special Revenue Funds	Cherrywood Sewer SSA 8	North Duffy Sewer SSA 9	North Robinwood Sewer SSA 10	Forest Glen Water SSA 11
\$ -	\$ 513,584	\$ 40,892	\$ 10,185	\$ 23,379	\$ 36,051
<u>23,509</u>	<u>65,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 23,509</u>	<u>\$ 579,361</u>	<u>\$ 40,892</u>	<u>\$ 10,185</u>	<u>\$ 23,379</u>	<u>\$ 36,051</u>
\$ -	\$ 58,772	\$ -	\$ -	\$ -	\$ -
<u>23,509</u>	<u>520,589</u>	<u>40,892</u>	<u>10,185</u>	<u>23,379</u>	<u>36,051</u>
<u>\$ 23,509</u>	<u>\$ 579,361</u>	<u>\$ 40,892</u>	<u>\$ 10,185</u>	<u>\$ 23,379</u>	<u>\$ 36,051</u>

**Village of Riverwoods, Illinois**  
**Nonmajor Governmental Funds**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS (Continued)**  
December 31, 2004

	<u>Debt Service Funds</u>			
	<u>South Robinwood Water SSA 15</u>	<u>Hiawatha Road SSA 19</u>	<u>Whigham Burr Oak SSA 20</u>	<u>Total Debt Service Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 66,633	\$ 18,749	\$ 20,738	\$ 216,627
Due from other funds	-	-	-	-
Total assets	<u>\$ 66,633</u>	<u>\$ 18,749</u>	<u>\$ 20,738</u>	<u>\$ 216,627</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Due to other funds	-	-	-	-
<b>Fund balances (deficits)</b>				
Unreserved, undesignated	<u>66,633</u>	<u>18,749</u>	<u>20,738</u>	<u>216,627</u>
Total liabilities and fund balances	<u>\$ 66,633</u>	<u>\$ 18,749</u>	<u>\$ 20,738</u>	<u>\$ 216,627</u>

Capital Projects Funds

Special Service Area Number 14	Special Service Area Number 18	Special Service Area Number 19	Special Service Area Number 20	DCCA Water Grant	DCCA Police Grant
\$ -	\$ -	\$ -	\$ 5,224	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,224</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 5,500	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>(5,500)</u>	<u>5,224</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,224</u>	<u>\$ -</u>	<u>\$ -</u>

**Village of Riverwoods, Illinois**  
**Nonmajor Governmental Funds**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS (Continued)**  
December 31, 2004

	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,224	\$ 735,435
Due from other funds	-	<u>65,777</u>
Total assets	<u>\$ 5,224</u>	<u>\$ 801,212</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Due to other funds	\$ 5,500	\$ 64,272
Fund balances (deficits)		
Unreserved, undesignated	<u>(276)</u>	<u>736,940</u>
Total liabilities and fund balances	<u>\$ 5,224</u>	<u>\$ 801,212</u>

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**Village of Riverwoods, Illinois**  
**Nonmajor Governmental Funds**  
**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES**  
**PAID, AND CHANGES IN FUND BALANCES (DEFICITS)**  
**For the year ended December 31, 2004**

	Special Revenue Funds			
	Road and Bridge	Drainage	Motor Fuel Tax	Duffy Roads
Revenues collected				
Property taxes	\$ 25,360	\$ -	\$ -	\$ 6,021
Other taxes	-	-	109,653	-
Interest income	-	-	6,163	-
<b>Total revenues collected</b>	<b>25,360</b>	<b>-</b>	<b>115,816</b>	<b>6,021</b>
Expenditures paid				
Current				
Personal services	5,768	-	-	-
Contractual services	71,653	25,929	102,270	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures paid</b>	<b>77,421</b>	<b>25,929</b>	<b>102,270</b>	<b>-</b>
Excess (deficiency) of revenues collected over expenditures paid	(52,061)	(25,929)	13,546	6,021
Other financing sources (uses)				
Transfers in	192,641	168,348	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>192,641</b>	<b>168,348</b>	<b>-</b>	<b>-</b>
Net change in fund balances	140,580	142,419	13,546	6,021
Fund balances (deficits)				
Beginning of year	(140,580)	(142,419)	434,816	42,697
End of year	\$ -	\$ -	\$ 448,362	\$ 48,718

Special Revenue Funds		Debt Service Funds			
Russell Storm Sewer	Total Special Revenue Funds	Cherrywood Sewer SSA 8	North Duffy Sewer SSA 9	North Robinwood Sewer SSA 10	Forest Glen Water SSA 11
\$ 12,757	\$ 44,138	\$ 37,064	\$ 8,088	\$ 15,034	\$ 29,193
-	109,653	-	-	-	-
-	6,163	164	106	154	414
<u>12,757</u>	<u>159,954</u>	<u>37,228</u>	<u>8,194</u>	<u>15,188</u>	<u>29,607</u>
-	5,768	-	-	-	-
5,291	205,143	-	-	-	-
-	-	25,461	6,790	-	20,746
-	-	9,654	2,574	-	7,865
-	-	-	-	-	-
<u>5,291</u>	<u>210,911</u>	<u>35,115</u>	<u>9,364</u>	<u>-</u>	<u>28,611</u>
<u>7,466</u>	<u>(50,957)</u>	<u>2,113</u>	<u>(1,170)</u>	<u>15,188</u>	<u>996</u>
-	360,989	-	-	-	-
-	-	-	-	-	-
-	360,989	-	-	-	-
<u>7,466</u>	<u>310,032</u>	<u>2,113</u>	<u>(1,170)</u>	<u>15,188</u>	<u>996</u>
<u>16,043</u>	<u>210,557</u>	<u>38,779</u>	<u>11,355</u>	<u>8,191</u>	<u>35,055</u>
<u>\$ 23,509</u>	<u>\$ 520,589</u>	<u>\$ 40,892</u>	<u>\$ 10,185</u>	<u>\$ 23,379</u>	<u>\$ 36,051</u>

**Village of Riverwoods, Illinois**  
**Nonmajor Governmental Funds**  
**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES**  
**PAID, AND CHANGES IN FUND BALANCES (DEFICITS)**  
**For the year ended December 31, 2004**

	Debt Service Funds			
	South Robinwood Water SSA 15	Hiawatha Road SSA 19	Whigham Burr Oak SSA 20	Total Debt Service Funds
Revenues collected				
Property taxes	\$ 59,584	\$ 29,625	\$ 34,906	\$ 213,494
Other taxes	-	-	-	-
Interest income	597	85	2,696	4,216
<b>Total revenues collected</b>	<b>60,181</b>	<b>29,710</b>	<b>37,602</b>	<b>217,710</b>
Expenditures paid				
Current				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Debt service				
Principal	36,595	13,146	10,140	112,878
Interest	16,812	9,811	6,925	53,641
Capital outlay	-	-	-	-
<b>Total expenditures paid</b>	<b>53,407</b>	<b>22,957</b>	<b>17,065</b>	<b>166,519</b>
Excess (deficiency) of revenues collected over expenditures paid	6,774	6,753	20,537	51,191
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>6,774</b>	<b>6,753</b>	<b>20,537</b>	<b>51,191</b>
Fund balances (deficits)				
Beginning of year	59,859	11,996	201	165,436
End of year	\$ 66,633	\$ 18,749	\$ 20,738	\$ 216,627

Capital Projects Funds

Special Service Area Number 14	Special Service Area Number 18	Special Service Area Number 19	Special Service Area Number 20	DCCA Water Grant	DCCA Police Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,000	252,641	-	-
-	-	3,000	252,641	-	-
-	-	(3,000)	(252,641)	-	-
1,264	4,201	-	-	-	-
-	-	-	-	(13,847)	(1,823)
1,264	4,201	-	-	(13,847)	(1,823)
1,264	4,201	(3,000)	(252,641)	(13,847)	(1,823)
(1,264)	(4,201)	(2,500)	257,865	13,847	1,823
\$ -	\$ -	\$ (5,500)	\$ 5,224	\$ -	\$ -

**Village of Riverwoods, Illinois**  
**Nonmajor Governmental Funds**  
**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES**  
**PAID, AND CHANGES IN FUND BALANCES (DEFICITS)**  
For the year ended December 31, 2004

	Total Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues collected		
Property taxes	\$ -	\$ 257,632
Other taxes	-	109,653
Interest income	-	10,379
	-	377,664
 Expenditures paid		
Current		
Personal services	-	5,768
Contractual services	-	205,143
Debt service		
Principal	-	112,878
Interest	-	53,641
Capital outlay	255,641	255,641
	255,641	633,071
 Total expenditures paid		
Excess (deficiency) of revenues collected over expenditures paid	(255,641)	(255,407)
 Other financing sources (uses)		
Transfers in	5,465	366,454
Transfers out	(15,670)	(15,670)
	(10,205)	350,784
 Total other financing sources (uses)		
Net change in fund balances	(265,846)	95,377
 Fund balances (deficits)		
Beginning of year	265,570	641,563
End of year	\$ (276)	\$ 736,940

**Village of Riverwoods, Illinois**  
**Road and Bridge Fund**  
**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND**  
**CHANGES IN FUND DEFICIT - APPROPRIATION AND ACTUAL**  
For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues collected			
Property taxes	\$ 24,000	\$ 25,360	\$ 1,360
Expenditures paid			
Personal services	9,200	5,768	3,432
Contractual services			
Maintenance - streets	100,000	1,200	98,800
Maintenance - bike path	20,000	1,255	18,745
Maintenance - other	83,000	2,300	80,700
Snow removal	25,000	36,692	(11,692)
Signs	2,000	2,173	(173)
Street lighting	2,000	741	1,259
Professional services	35,000	26,201	8,799
Other	10,000	1,091	8,909
Total contractual services	277,000	71,653	205,347
Commodities	10,000	-	10,000
Capital outlay			
Bike path	500,000	-	500,000
Total expenditures paid	796,200	77,421	718,779
Deficiency of revenues collected over expenditures paid	(772,200)	(52,061)	720,139
Other financing sources			
Transfers in	-	192,641	192,641
Change in fund balance	\$ (772,200)	140,580	\$ 912,780
Fund deficit			
Beginning of year		(140,580)	
End of year		\$ -	

**Village of Riverwoods, Illinois**

**Motor Fuel Tax Fund**

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND**

**CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL**

For the year ended December 31, 2004

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	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues collected			
Motor fuel taxes	\$ 110,000	\$ 109,653	\$ (347)
Interest income	<u>7,000</u>	<u>6,163</u>	<u>(837)</u>
Total revenues collected	117,000	115,816	(1,184)
Expenditures paid			
Contractual services	<u>77,000</u>	<u>102,270</u>	<u>(25,270)</u>
Excess of revenues collected over expenditures paid	<u>\$ 40,000</u>	13,546	<u>\$ (26,454)</u>
Fund balance			
Beginning of year		<u>434,816</u>	
End of year		<u>\$ 448,362</u>	

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Village of Riverwoods, Illinois

Duffy Roads Fund

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND  
CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL  
For the year ended December 31, 2004

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	<u>Appropriation</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues collected			
Property taxes	\$ <u>6,000</u>	\$ <u>6,021</u>	\$ <u>21</u>
Expenditures paid			
Personal services	6,100	-	6,100
Contractual services	188,000	-	188,000
Commodities	17,000	-	17,000
Miscellaneous	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures paid	<u>231,100</u>	<u>-</u>	<u>231,100</u>
Excess (deficiency) of revenues collected over expenditures paid	\$ <u>(225,100)</u>	6,021	\$ <u>231,121</u>
Fund balance			
Beginning of year		<u>42,697</u>	
End of year		\$ <u>48,718</u>	

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**Village of Riverwoods, Illinois**  
**North Duffy Sewer SSA 9**  
**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND**  
**CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL**  
For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues collected			
Property tax	\$ 9,400	\$ 8,088	\$ (1,312)
Interest income	400	106	(294)
Total revenues collected	<u>9,800</u>	<u>8,194</u>	<u>(1,606)</u>
Expenditures paid			
Debt service			
Principal	9,400	6,790	2,610
Interest	<u>9,400</u>	<u>2,574</u>	<u>6,826</u>
Total expenditures paid	<u>18,800</u>	<u>9,364</u>	<u>9,436</u>
(Deficiency) of revenues collected over expenditures paid	<u>\$ (9,000)</u>	(1,170)	<u>\$ 7,830</u>
Fund balance			
Beginning of year		<u>11,355</u>	
End of year		<u>\$ 10,185</u>	

**Village of Riverwoods, Illinois**  
**North Robinwood Sewer SSA 10**  
**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND**  
**CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL**  
For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues collected			
Property tax	\$ 15,000	\$ 15,034	\$ 34
Maintenance fees	1,500	-	(1,500)
Interest income	1,500	154	(1,346)
	<u>18,000</u>	<u>15,188</u>	<u>(2,812)</u>
<b>Total revenues collected</b>	<b>18,000</b>	<b>15,188</b>	<b>(2,812)</b>
Expenditures paid			
Debt service			
Principal	15,000	-	15,000
Interest	15,000	-	15,000
	<u>30,000</u>	<u>-</u>	<u>30,000</u>
<b>Total expenditures paid</b>	<b>30,000</b>	<b>-</b>	<b>30,000</b>
Excess (deficiency) of revenues collected over expenditures paid	\$ <u>(12,000)</u>	15,188	\$ <u>27,188</u>
Fund balance			
Beginning of year		<u>8,191</u>	
End of year		\$ <u>23,379</u>	

**Village of Riverwoods, Illinois**  
**Forest Glen Water SSA 11**  
**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND**  
**CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL**  
For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues collected			
Property tax	\$ 29,000	\$ 29,193	\$ 193
Interest income	1,450	414	(1,036)
Total revenues collected	<u>30,450</u>	<u>29,607</u>	<u>(843)</u>
Expenditures paid			
Debt service			
Principal	29,000	20,746	8,254
Interest	<u>29,000</u>	<u>7,865</u>	<u>21,135</u>
Total expenditures paid	<u>58,000</u>	<u>28,611</u>	<u>29,389</u>
Excess (deficiency) of revenues collected over expenditures paid	\$ <u>(27,550)</u>	996	\$ <u>28,546</u>
Fund balance			
Beginning of year		<u>35,055</u>	
End of year		<u>\$ 36,051</u>	

**Village of Riverwoods, Illinois**  
**South Robinwood Water SSA 15**  
**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND**  
**CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL**  
For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues collected			
Property tax	\$ 54,000	\$ 59,584	\$ 5,584
Interest income	600	597	(3)
	<u>54,600</u>	<u>60,181</u>	<u>5,581</u>
<b>Total revenues collected</b>	<b><u>54,600</u></b>	<b><u>60,181</u></b>	<b><u>5,581</u></b>
Expenditures paid			
Debt service			
Principal	54,000	36,595	17,405
Interest	54,000	16,812	37,188
	<u>108,000</u>	<u>53,407</u>	<u>54,593</u>
<b>Total expenditures paid</b>	<b><u>108,000</u></b>	<b><u>53,407</u></b>	<b><u>54,593</u></b>
Excess (deficiency) of revenues collected over expenditures paid	\$ <u>(53,400)</u>	6,774	\$ <u>60,174</u>
Fund balance			
Beginning of year		<u>59,859</u>	
End of year		<u>\$ 66,633</u>	

**Village of Riverwoods, Illinois**  
**Hiawatha Road SSA 19**  
**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND**  
**CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL**  
For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues collected			
Property tax	\$ 23,000	\$ 29,625	\$ 6,625
Maintenance	5,000	-	(5,000)
Interest income	25	85	60
	<u>28,025</u>	<u>29,710</u>	<u>1,685</u>
Total revenues collected			
Expenditures paid			
Debt service			
Street maintenance	15,000	-	15,000
Principal	23,000	13,146	9,854
Interest	23,000	9,811	13,189
	<u>61,000</u>	<u>22,957</u>	<u>38,043</u>
Total expenditures paid			
Excess (deficiency) of revenues collected over expenditures paid	<u>\$ (32,975)</u>	6,753	<u>\$ 39,728</u>
Fund balance			
Beginning of year		<u>11,996</u>	
End of year		<u>\$ 18,749</u>	

**Village of Riverwoods, Illinois**  
**Whigham Burr Oak SSA 20**  
**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND**  
**CHANGES IN FUND BALANCE - APPROPRIATION AND ACTUAL**  
For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues collected			
Property tax	\$ 34,200	\$ 34,906	\$ 706
Interest income	<u>25</u>	<u>2,696</u>	<u>2,671</u>
Total revenues collected	<u>34,225</u>	<u>37,602</u>	<u>3,377</u>
Expenditures paid			
Debt service			
Principal	-	10,140	(10,140)
Interest	<u>-</u>	<u>6,925</u>	<u>(6,925)</u>
Total expenditures paid	<u>-</u>	<u>17,065</u>	<u>(17,065)</u>
Excess of revenues collected over expenditures paid	\$ <u>34,225</u>	20,537	\$ <u>(13,688)</u>
Fund balance			
Beginning of year		<u>201</u>	
End of year		\$ <u>20,738</u>	

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**ENTERPRISE FUNDS**

# Village of Riverwoods, Illinois

## Consolidated Water Fund

### STATEMENT OF REVENUES COLLECTED, EXPENSES PAID, AND CHANGES IN RETAINED EARNINGS - APPROPRIATION AND ACTUAL

For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues collected			
Charges for sales and services	\$ 1,125,000	\$ 995,610	\$ (129,390)
Operating expenses paid			
Operations			
Personal services			
Salaries	60,000	29,846	30,154
FICA	5,590	2,283	3,307
IMRF	4,000	-	4,000
Unemployment insurance	200	-	200
Total personal services	<u>69,790</u>	<u>32,129</u>	<u>37,661</u>
Contractual services			
Maintenance	480,000	14,346	465,654
Utilities	-	23,302	(23,302)
Water purchases	850,000	575,592	274,408
Engineering services	60,000	-	60,000
Legal services	20,000	-	20,000
Other professional services	300,000	140,553	159,447
Other	42,000	-	42,000
Total contractual services	<u>1,752,000</u>	<u>753,793</u>	<u>998,207</u>
Commodities	100,000	-	100,000
Capital outlay	575,000	-	575,000
Total operating expenses paid	2,496,790	785,922	1,710,868
Depreciation	-	211,899	(211,899)
Total operations	<u>2,496,790</u>	<u>997,821</u>	<u>1,498,969</u>

(Continued)

# Village of Riverwoods, Illinois

## Consolidated Water Fund

### STATEMENT OF REVENUES COLLECTED, EXPENSES PAID, AND CHANGES IN RETAINED EARNINGS - APPROPRIATION AND ACTUAL (Continued)

For the year ended December 31, 2004

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Excess (deficiency) of operating revenues collected over operating expenses paid	\$	<u>(1,371,790)</u>	\$	<u>(2,211)</u>	\$	<u>1,369,579</u>
Nonoperating revenues collected (expenses paid)						
Property taxes		361,000		364,127		3,127
Interest income		11,875		12,644		769
Debt service-principal		353,700		-		(353,700)
Debt service-interest		353,700		(102,635)		(456,335)
Miscellaneous revenue		<u>2,000</u>		<u>9,030</u>		<u>7,030</u>
Total nonoperating revenues collected (expenses paid)		<u>1,082,275</u>		<u>283,166</u>		<u>(799,109)</u>
Excess (deficiency) of revenues collected over expenses paid before operating transfers		<u>(289,515)</u>		<u>280,955</u>		<u>570,470</u>
Operating transfers						
Transfers in		-		13,847		13,847
Transfers out		<u>-</u>		<u>(1,264)</u>		<u>(1,264)</u>
Total operating transfers		<u>-</u>		<u>12,583</u>		<u>12,583</u>
Excess (deficiency) of revenues collected over expenses paid before operating transfers	\$	<u>(289,515)</u>		293,538	\$	<u>583,053</u>
Retained earnings						
Beginning of year				4,387,604		
Restatement				<u>1,920,161</u>		
Beginning of year, as restated				<u>6,307,765</u>		
End of year	\$			<u>6,601,303</u>		

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# Village of Riverwoods, Illinois

## Sewer Fund

### STATEMENT OF REVENUES COLLECTED, EXPENSES PAID, AND CHANGES IN RETAINED EARNINGS - APPROPRIATION AND ACTUAL

For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Operating revenues collected			
Charges for sales and services	\$ <u>65,400</u>	\$ <u>80,874</u>	\$ <u>15,474</u>
Operating expenses paid			
Operations			
Personal services			
Salaries	20,000	7,487	12,513
FICA	2,500	523	1,977
IMRF	2,500	-	2,500
Unemployment insurance	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Total personal services	<u>26,100</u>	<u>8,010</u>	<u>18,090</u>
Contractual services			
Maintenance - utility system	65,000	7,914	57,086
Maintenance - other	20,000	-	20,000
Engineering services	88,000	-	88,000
Other professional services	155,200	-	155,200
Sewer connection	100,000	13,370	86,630
Utilities	8,000	71	7,929
Other	<u>57,000</u>	<u>-</u>	<u>57,000</u>
Total contractual services	<u>493,200</u>	<u>21,355</u>	<u>471,845</u>
Commodities	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Capital outlay	<u>209,500</u>	<u>-</u>	<u>209,500</u>
Total operating expenses paid	\$ <u>750,800</u>	\$ <u>29,365</u>	\$ <u>721,435</u>

(Continued)

## Village of Riverwoods, Illinois

### Sewer Fund

#### STATEMENT OF REVENUES COLLECTED, EXPENSES PAID, AND CHANGES IN RETAINED EARNINGS - APPROPRIATION AND ACTUAL (Continued)

For the year ended December 31, 2004

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Depreciation	\$ <u>          -</u>	\$ <u>  114,886</u>	\$ <u>  (114,886)</u>
Total operations	<u>      750,800</u>	<u>      144,251</u>	<u>      606,549</u>
Deficiency of operating revenues collected over operating expenses paid	<u>  (685,400)</u>	<u>  (63,377)</u>	<u>      622,023</u>
Nonoperating revenues collected (expenses paid)			
Property taxes	364,000	408,183	44,183
Interest income	-	3,640	3,640
Bond redemption premium	(400,000)	-	400,000
Debt service-principal	(392,000)	-	392,000
Debt service-interest	(392,000)	(112,887)	279,113
Other income	<u>          -</u>	<u>      (417)</u>	<u>      (417)</u>
Total nonoperating revenues collected (expenses paid)	<u>  (820,000)</u>	<u>      298,519</u>	<u>  1,118,519</u>
Excess (deficiency) of revenues collected over expenses paid	\$ <u>  (1,505,400)</u>	235,142	\$ <u>  1,740,542</u>
Retained earnings			
Beginning of year		2,005,539	
Restatement		<u>      398,122</u>	
Beginning of year, as restated		<u>      2,403,661</u>	
End of year		\$ <u>      2,638,803</u>	

**CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS**

**Village of Riverwoods, Illinois**  
Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules by Source  
December 31, 2004

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	<u>2004</u>
Governmental funds capital assets:	
Land	
Parcels	\$ 1,855,000
Rights of way	508,300
Buildings	595,580
Infrastructure	
Storm sewers	46,995
Equipment	
Office equipment	145,771
Vehicles	<u>129,700</u>
 Total governmental funds capital assets	 \$ <u><u>3,281,346</u></u>
 Investments in governmental funds capital assets by source:	
General revenues	\$ <u><u>3,281,346</u></u>

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**Village of Riverwoods, Illinois**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
December 31, 2004

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FUNCTION AND ACTIVITY	Land	Buildings	Infrastructure	Equipment	Total
Administration and general government	\$ 1,855,000	\$ 400,000	\$ -	\$ 145,771	\$ 2,400,771
Police	-	195,580	-	129,700	325,280
Public works	508,300	-	46,995	-	555,295
 Total governmental funds capital assets	 \$ 2,363,300	 \$ 595,580	 \$ 46,995	 \$ 275,471	 \$ 3,281,346

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**Village of Riverwoods, Illinois**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
December 31, 2004

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FUNCTION AND ACTIVITY	Capital Assets January 1, 2004, As Previously Stated	GASB 34 Adjustments	Capital Assets January 1, 2004, As Restated	Additions	Deletions	Capital Assets December 31, 2004
Administration and general government	\$ 2,503,601	\$ (102,830)	\$ 2,400,771	\$ -	\$ -	\$ 2,400,771
Police	377,875	(54,132)	323,743	41,537	40,000	325,280
Public works	-	508,300	508,300	46,995	-	555,295
<b>Total governmental funds capital assets</b>	<b>\$ 2,881,476</b>	<b>\$ 351,338</b>	<b>\$ 3,232,814</b>	<b>\$ 88,532</b>	<b>\$ 40,000</b>	<b>\$ 3,281,346</b>

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**SUPPLEMENTAL DATA**

**Village of Riverwoods, Illinois**  
**SCHEDULE OF CASH AND INVESTMENTS**  
December 31, 2004

<u>Cash and Investments by Fund</u>	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
General Fund	\$ 3,508,597	\$ 4,324,260	\$ 7,832,857
Special Revenue Funds:			
Police	383,923	-	383,923
Motor Fuel Tax	507,134	-	507,134
Duffy Roads	6,450	-	6,450
	<u>897,507</u>	<u>-</u>	<u>897,507</u>
Capital Projects Funds:			
Special Service Area # 20	5,224	-	5,224
Debt Service Funds:			
Special Service Area # 8	40,892	-	40,892
Special Service Area # 9	10,185	-	10,185
Special Service Area # 10	23,379	-	23,379
Special Service Area # 11	36,051	-	36,051
Special Service Area # 15	66,633	-	66,633
Special Service Area # 19	18,749	-	18,749
Special Service Area # 20	20,738	-	20,738
	<u>216,627</u>	<u>-</u>	<u>216,627</u>
Enterprise Funds:			
Consolidated Water	51,703	200,000	251,703
Sewer	306,823	-	306,823
Duffy Sewer - SSA # 4	181,625	-	181,625
Thornmeadow - SSA #6	51,847	-	51,847
South Riverwood Sewer - SSA #12	268,782	-	268,782
North Robinwood Water	22,376	-	22,376
North Central Water	188,172	-	188,172
Northwest Water	31,257	-	31,257
Cherrywood Water	7,787	-	7,787
	<u>1,110,372</u>	<u>200,000</u>	<u>1,310,372</u>
Agency Fund:			
Performance Bond	527,890	30,158	558,048
Total - All Funds	<u>\$ 6,266,217</u>	<u>\$ 4,554,418</u>	<u>\$ 10,820,635</u>

(Continued)

**Village of Riverwoods, Illinois**  
SCHEDULE OF CASH AND INVESTMENTS (Continued)  
December 31, 2004

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**Cash and Investments by Financial Institution - Book Balances**

Illinois Funds	\$ 5,189,331
Northside Community Bank	2,166,687
US Bank	147,235
National City	297,665
UBS Paine Webber	2,469,491
Smith Barney Citigroup	519,768
JP Morgan	30,158
Cash on hand	<u>300</u>
 Total	 \$ <u><u>10,820,635</u></u>

Total investment income for the year ended December 31, 2004 was \$216,632, which yielded an average rate of return of 2.09%.

**Village of Riverwoods, Illinois**  
**SCHEDULE OF INSURANCE IN FORCE**  
December 31, 2004

Description of Coverage	Coverage	Company	Policy Number / Expiration Date of Policy
Comprehensive General Liability		Illinois Municipal League	0703B0497
Fire Policy		Risk Management Assoc.	December 31, 2005
		"	
Commercial Crime Policy		"	
Blanket Surety Bonds & Coverage		"	
Joint and Separately		"	
President		"	
Treasurer		"	
Clerk		"	
Financial Trustee		"	
Secretary		"	
Accounting Administrator		"	
Building Department Secretary		"	
		"	
Bodily Injury/Property		"	
Damage - Auto Non-Owned		"	
		"	
Umbrella Liability Policy		"	
		"	
Boiler & Machinery Policy		"	
		"	
Employee Benefits Errors or Omissions		"	
		"	
Auto		"	
Commercial General Liability	\$ 1,500,000	"	
	Each Occurrence	"	
Automobile Liability - Any Auto	\$ 1,500,000	"	
	Each Occurrence	"	
Workers' Compensation	\$ 2,500,000	"	
	Each Occurrence	"	
Reinsurance Coverage	\$ 6,500,000	General Reinsurance Corp.	C202
	Each Occurrence		July 15, 2005

**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
Cherrywood Sewer  
Special Service Area Number 8  
December 31, 2004

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Dated: August 10, 1999  
Original Issue: \$270,000  
Due: January 10, 2010  
Payment Date: January 10  
Interest Rate: 4.70%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 26,635	\$ 8,479	\$ 35,114
2006	27,910	7,204	35,114
2007	29,222	5,892	35,114
2008	30,595	4,519	35,114
2009	32,024	3,090	35,114
2010	33,538	1,576	35,114
	<u>\$ 179,924</u>	<u>\$ 30,760</u>	<u>\$ 210,684</u>

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**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
 North Duffy Sewer  
 Special Service Area Number 9  
December 31, 2004

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Dated: August 10, 1999  
 Original Issue: \$72,000  
 Due: January 10, 2010  
 Payment Date: January 10  
 Interest Rate: 4.70%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 7,103	\$ 2,261	\$ 9,364
2006	7,443	1,921	9,364
2007	7,792	1,572	9,364
2008	8,159	1,205	9,364
2009	8,539	825	9,364
2010	8,943	421	9,364
	<u>\$ 47,979</u>	<u>\$ 8,205</u>	<u>\$ 56,184</u>

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**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
 North Robinwood Sewer  
 Special Service Area Number 10  
December 31, 2004

Dated: December 15, 1999  
 Original Issue: \$164,000  
 Due: January 10, 2010  
 Payment Date: January 10  
 Interest Rate: 6.29%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 5,551	\$ 9,236	\$ 14,787
2006	5,551	8,887	14,438
2007	5,551	8,538	14,089
2008	5,551	8,189	13,740
2009	5,551	7,839	13,390
2010	119,082	7,490	126,572
	<u>\$ 146,837</u>	<u>\$ 50,179</u>	<u>\$ 197,016</u>

**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
**Forest Glen Water**  
**Special Service Area Number 11**  
December 31, 2004

Dated: August 10, 1999  
Original Issue: \$220,000  
Due: January 10, 2010  
Payment Date: January 10  
Interest Rate: 4.70%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 21,702	\$ 6,910	\$ 28,612
2006	22,741	5,871	28,612
2007	23,810	4,802	28,612
2008	24,929	3,683	28,612
2009	26,094	2,518	28,612
2010	27,329	1,284	28,613
	<u>\$ 146,605</u>	<u>\$ 25,068</u>	<u>\$ 171,673</u>

**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
**South Robinwood Water**  
**Special Service Area Number 15**  
December 31, 2004

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Dated: December 15, 1999  
Original Issue: \$400,000  
Due: January 10, 2010  
Payment Date: January 10  
Interest Rate: 5.55%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 38,585	\$ 14,822	\$ 53,407
2006	40,767	12,640	53,407
2007	43,030	10,377	53,407
2008	45,418	7,989	53,407
2009	47,924	5,483	53,407
2010	50,597	2,810	53,407
	<u>\$ 266,321</u>	<u>\$ 54,121</u>	<u>\$ 320,442</u>

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**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
 Hiawatha Road  
 Special Service Area Number 19  
December 31, 2004

Dated: November 18, 2002  
 Original Issue: \$167,000  
 Due: February 1, 2013  
 Payment Date: February 1 and August 1  
 Interest Rate: 6.00%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 13,984	\$ 8,942	\$ 22,926
2006	14,848	8,078	22,926
2007	15,765	7,161	22,926
2008	16,722	6,204	22,926
2009	17,771	5,155	22,926
2010	18,868	4,058	22,926
2011	20,034	2,892	22,926
2012	21,267	1,659	22,926
2013	11,120	343	11,463
	<u>\$ 150,379</u>	<u>\$ 44,492</u>	<u>\$ 194,871</u>

**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
**Whigham-Burr Oak**  
**Special Service Area Number 20**  
December 31, 2004

Dated: December 2, 2003  
Original Issue: \$280,750  
Due: February 1, 2014  
Payment Dates: February 1 and August 1  
Interest Rate: 3.70%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 24,201	\$ 9,999	\$ 34,200
2006	25,118	9,082	34,200
2007	26,069	8,131	34,200
2008	27,037	7,163	34,200
2009	28,080	6,120	34,200
2010	29,143	5,057	34,200
2011	30,247	3,953	34,200
2012	31,385	2,815	34,200
2013	32,580	1,620	34,200
2014	16,750	350	17,100
	<u>\$ 270,610</u>	<u>\$ 54,290</u>	<u>\$ 324,900</u>

**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
**Duffy Sewer**  
**Special Service Area Number 4**  
December 31, 2004

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Dated: June 28, 1995  
Original Issue: \$265,000  
Due: December 31, 2006  
Payment Dates: January 1 and July 1  
Interest Rate: 5.30 - 5.45%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 30,000	\$ 2,710	\$ 32,710
2006	<u>35,000</u>	<u>954</u>	<u>35,954</u>
	<u>\$ 65,000</u>	<u>\$ 3,664</u>	<u>\$ 68,664</u>

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**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
**Thornmeadow Sewer**  
**Special Service Area Number 7**  
December 31, 2004

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Dated: January 1, 1997  
Original Issue: \$278,800  
Due: January 1, 2008  
Payment Dates: January 1 and July 1  
Interest Rate: 4.80%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 30,000	\$ 4,704	\$ 34,704
2006	31,000	3,216	34,216
2007	33,000	1,632	34,632
2008	34,000	-	34,000
	<u>\$ 128,000</u>	<u>\$ 9,552</u>	<u>\$ 137,552</u>

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**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
 South Riverwood Sewer  
 Special Service Area Number 12  
December 31, 2004

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Dated: June 5, 2000  
 Original Issue: \$2,300,000  
 Due: February 1, 2011  
 Payment Date: February 1 and August 1  
 Interest Rate: 5.85%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 222,325	\$ 97,636	\$ 319,961
2006	235,422	84,539	319,961
2007	249,592	70,369	319,961
2008	264,475	55,486	319,961
2009	280,316	39,645	319,961
2010	297,509	22,452	319,961
2011	155,361	4,620	159,981
	<u>\$ 1,705,000</u>	<u>\$ 374,747</u>	<u>\$ 2,079,747</u>

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**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
 North Central Water  
 Special Service Area Number 14  
December 31, 2004

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Dated: August 15, 2001  
 Original Issue: \$2,211,600  
 Due: August 1, 2011  
 Payment Date: February 1 and August 1  
 Interest Rate: 4.60%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 217,806	\$ 78,264	\$ 296,070
2006	227,940	68,130	296,070
2007	238,546	57,524	296,070
2008	249,526	46,544	296,070
2009	261,256	34,814	296,070
2010	273,412	22,658	296,070
2011	286,134	9,936	296,070
	<u>\$ 1,754,620</u>	<u>\$ 317,870</u>	<u>\$ 2,072,490</u>

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**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
 North Robinwood Water  
 Special Service Area Number 16  
December 31, 2004

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Dated: December 15, 1999  
 Original Issue: \$150,000  
 Due: January 10, 2010  
 Payment Date: January 10  
 Interest Rate: 6.29%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 5,077	\$ 8,413	\$ 13,490
2006	5,077	8,094	13,171
2007	5,077	7,774	12,851
2008	5,077	7,455	12,532
2009	5,077	7,136	12,213
2010	<u>108,367</u>	<u>6,816</u>	<u>115,183</u>
	<u>\$ 133,752</u>	<u>\$ 45,688</u>	<u>\$ 179,440</u>

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**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
Northwest Water  
Special Service Area Number 17  
December 31, 2004

Dated: August 17, 2000  
Original Issue: \$231,000  
Due: February 1, 2011  
Payment Date: February 1 and August 1  
Interest Rate: 5.25%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 22,186	\$ 8,623	\$ 30,809
2006	23,383	7,426	30,809
2007	24,644	6,165	30,809
2008	25,961	4,848	30,809
2009	27,374	3,435	30,809
2010	28,850	1,959	30,809
2011	<u>15,002</u>	<u>402</u>	<u>15,404</u>
	<u>\$ 167,400</u>	<u>\$ 32,858</u>	<u>\$ 200,258</u>

**Village of Riverwoods, Illinois**  
**SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS**  
 Cherrywood Road  
 Special Service Area Number 18  
December 31, 2004

Dated: September 22, 2000  
 Original Issue: \$60,000  
 Due: August 1, 2010  
 Payment Date: February 1 and August 1  
 Interest Rate: 7.00%

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2005	\$ 5,621	\$ 3,070	\$ 8,691
2006	6,027	2,664	8,691
2007	6,462	2,229	8,691
2008	6,924	1,767	8,691
2009	7,429	1,262	8,691
2010	7,965	726	8,691
2011	4,197	149	4,346
	<u>44,625</u>	<u>11,867</u>	<u>56,494</u>

**Village of Riverwoods, Illinois**  
**General Fund**  
**SCHEDULE OF REVENUES COLLECTED - TREND INFORMATION**  
**Years ended December 31**

	2004	2003	2002	2001	2000
Revenues collected					
Taxes					
State income taxes	\$ 245,728	\$ 252,910	\$ 220,144	\$ 286,737	\$ 196,463
Sales and local use taxes	251,785	110,281	169,463	241,850	132,539
Photo processing taxes	-	-	5,026	8,155	6,841
Hotel tax	68,985	83,336	65,713	21,014	-
Infrastructure sales tax	-	16,038	-	-	-
Personal property replacement taxes	-	1,181	1,205	1,276	779
Total taxes	<u>566,498</u>	<u>463,746</u>	<u>461,551</u>	<u>559,032</u>	<u>336,622</u>
Infrastructure maintenance					
Telecommunications	559,184	391,590	330,065	345,781	254,951
Electric	262,758	234,781	163,626	194,480	108,229
Gas	129,760	197,802	135,654	183,783	40,732
Other	-	-	-	330	14,971
Total infrastructure maintenance	<u>951,702</u>	<u>824,173</u>	<u>629,345</u>	<u>724,374</u>	<u>418,883</u>
Licenses and permits					
Liquor licenses	22,500	25,000	30,000	7,500	12,500
Cable television franchise fees	34,316	31,467	19,925	-	-
Construction fees	226,838	296,914	289,555	691,589	104,515
Cell tower lease	80,603	53,600	57,800	-	-
Plumbing fees	-	-	-	925	665
Special inspection	3,583	480	9,410	55,422	1,920
Elevator permits	7,576	5,680	3,372	2,322	1,475
Certificate-of occupancy fees	-	508	450	550	250
Plan review fees	-	-	-	-	486
Forester fees	11,735	21,279	15,515	19,606	5,586
Forest permits	9,200	4,400	-	-	-
Engineer fees	12,350	10,313	1,895	7,361	740
Office service reimbursements	-	373	168	199	471
Other	1,207	65	300	355	100
Total licenses and permits	<u>409,908</u>	<u>450,079</u>	<u>428,390</u>	<u>785,829</u>	<u>128,708</u>
Interest income	<u>31,824</u>	<u>25,922</u>	<u>16,122</u>	<u>133,718</u>	<u>71,736</u>
Other revenue					
Impact fees	60,000	37,000	4,000	2,525,000	-
Proceeds from sale of land	-	-	-	-	424,955
Insurance reimbursements	27,169	-	-	-	-
Miscellaneous revenue	32,662	44,979	11,855	43,488	103,462
	<u>119,831</u>	<u>81,979</u>	<u>15,855</u>	<u>2,568,488</u>	<u>528,417</u>
Total revenues collected	<u>\$ 2,079,763</u>	<u>\$ 1,845,899</u>	<u>\$ 1,551,263</u>	<u>\$ 4,771,441</u>	<u>\$ 1,484,366</u>

**Village of Riverwoods, Illinois**  
**General Fund**  
**SCHEDULE OF EXPENDITURES PAID - TREND INFORMATION**  
Years ended December 31

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Expenditures paid</b>					
<b>Personal services</b>					
Salaries	\$ 305,739	\$ 308,226	\$ 267,096	\$ 228,764	\$ 123,780
FICA	23,412	23,579	18,853	19,392	9,524
IMRF	29,748	30,170	27,469	26,745	17,882
Unemployment insurance	1,710	1,262	831	-	1,668
Health insurance	36,507	34,542	76,287	41,532	12,998
Total personal services	<u>397,116</u>	<u>397,779</u>	<u>390,536</u>	<u>316,433</u>	<u>165,852</u>
<b>Contractual services</b>					
Maintenance - building	30,007	38,240	29,490	15,197	72,281
Maintenance - equipment	1,483	8,900	225	1,538	731
Maintenance - grounds	9,971	11,995	10,796	4,920	8,947
Insurance	63,452	108,087	92,640	235,404	-
Telephone	21,314	24,432	22,728	8,232	27,564
Travel and meetings	7,619	6,206	4,576	3,671	2,338
Training	-	-	-	413	-
Postage	8,100	7,717	7,081	4,299	3,137
Advertising	2,391	1,480	2,369	12,260	9,938
Village Voice	12,538	13,656	12,620	-	-
Printing	2,240	844	-	230	775
Accounting	17,939	15,654	23,385	19,281	16,545
Engineering	137,227	135,525	68,363	42,651	59,764
Legal	113,709	112,158	108,561	100,336	63,351
Inspection fees	46,413	35,572	-	-	131,365
Other professional	108,313	120,840	70,140	65,718	69,988
Dues and subscriptions	2,910	1,832	1,685	1,670	1,261
NSSRA	22,100	18,318	18,189	15,503	15,836
NUCFAC	-	-	-	-	10,407
Forest permits	44,115	35,145	-	-	-
Other	71,137	101,798	10,038	25,482	53,087
Total contractual services	<u>722,978</u>	<u>798,399</u>	<u>482,886</u>	<u>556,805</u>	<u>547,315</u>
<b>Commodities</b>					
Office supplies	15,829	20,438	14,464	14,745	10,316
Publications	80	203	-	-	-
Other supplies	-	-	-	380	1,325
Total commodities	<u>15,909</u>	<u>20,641</u>	<u>14,464</u>	<u>15,125</u>	<u>11,641</u>
<b>Capital outlay</b>					
Land acquisition	-	-	686,287	-	3,516
Equipment	790	-	21,455	14,558	17,488
Police garage	-	10,475	115,061	65,122	-
Village Hall parking lot	-	-	-	-	13,390
Total capital outlay	<u>790</u>	<u>10,475</u>	<u>822,803</u>	<u>79,680</u>	<u>34,394</u>
Total expenditures paid	<u>\$ 1,136,793</u>	<u>\$ 1,227,294</u>	<u>\$ 1,710,689</u>	<u>\$ 968,043</u>	<u>\$ 759,202</u>

**Village of Riverwoods, Illinois**  
**Police Fund**  
**SCHEDULE OF REVENUES COLLECTED - TREND INFORMATION**  
Years Ended December 31

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	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues collected					
Property taxes	\$ 326,899	\$ 316,277	\$ 295,712	\$ 280,831	\$ 262,948
COPS grant	210,103	388,284	-	-	-
Fines and forfeits	187,301	141,352	89,736	48,790	38,928
Impact fees	-	26,000	32,200	-	-
Interest income	158,145	120,867	140,839	21,669	6,729
Miscellaneous	1,784	26,137	9,807	6,615	-
Total revenues collected	\$ <u>884,232</u>	\$ <u>1,018,917</u>	\$ <u>568,294</u>	\$ <u>357,905</u>	\$ <u>308,605</u>

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**Village of Riverwoods, Illinois**  
**Police Fund**  
**SCHEDULE OF EXPENDITURES PAID - TREND INFORMATION**  
Years Ended December 31

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Expenditures paid</b>					
<b>Personal services</b>					
Salaries	\$ 489,393	\$ 416,620	\$ 322,210	\$ 67,585	\$ 5,673
Health insurance	43,669	45,105	28,886	4,653	-
FICA	33,889	31,901	24,649	5,170	-
IMRF	33,441	31,269	24,087	2,956	-
<b>Total personal services</b>	<u>600,392</u>	<u>524,895</u>	<u>399,832</u>	<u>80,364</u>	<u>5,673</u>
<b>Contractual services</b>					
Legal	16,160	20,430	8,720	10,200	-
Crime laboratory	6,111	6,111	6,051	5,763	-
Training	2,108	3,221	-	-	-
Other professional	66,046	70,232	68,023	41,793	-
Postage	-	14	-	-	-
Contracted patrol services	-	-	-	325,629	240,436
<b>Total contractual</b>	<u>90,425</u>	<u>100,008</u>	<u>82,794</u>	<u>383,385</u>	<u>240,436</u>
<b>Commodities</b>					
Telephone	4,362	5,195	3,147	310	-
Travel	16	209	1,257	-	-
Office expenses	4,572	2,300	3,164	1,382	-
Fuel for squad cars	18,195	14,403	7,465	601	-
Miscellaneous	4,045	12,657	8,441	2,227	-
<b>Total commodities</b>	<u>31,190</u>	<u>34,764</u>	<u>23,474</u>	<u>4,520</u>	<u>-</u>
<b>Capital outlay</b>					
Squad cars and related equipment	52,723	81,830	6,176	-	-
Police officer equipment	4,704	3,004	6,158	-	-
<b>Total capital outlay</b>	<u>57,427</u>	<u>84,834</u>	<u>12,334</u>	<u>-</u>	<u>-</u>
<b>Total expenditures paid</b>	<u>\$ 779,434</u>	<u>\$ 744,501</u>	<u>\$ 518,434</u>	<u>\$ 468,269</u>	<u>\$ 246,109</u>

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# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

To the Honorable Mayor  
Members of the Board of Trustees  
Village of Riverwoods, Illinois

In planning and performing our audit of the financial statements of the Village of Riverwoods for the year ended December 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Company's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Because of inherent limitation of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control to future periods is subject to the risk that may become inadequate because of changes in conditions or that the degree of compliance may deteriorate.

## Recording of Cash Transactions

During our walkthrough testing, we noted one check that was posted to the general ledger two days after it was written. While we recognize that this transaction may have been anomalous, if significant transactions are not posted in a timely manner at month-and year-end, this could lead to a misstatement of the Village's financial records. We recommend that the Village record all transactions as of the date that they occur.

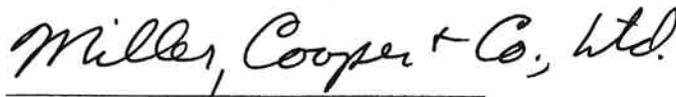
In addition, we have the following suggestion for your consideration:

## Interfund Balances

As of December 31, 2004, the General fund owes approximately \$150,000 to the combined Performance Bonds funds. As sufficient cash is available in the General fund, this fund should repay the amount owed to the other fund.

This report is intended solely for the information and use of the Mayor and Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties. We appreciate serving the Village of Riverwoods and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Northbrook, Illinois  
May 12, 2005

ML/Riverwoods, Village of ML 04 ss

# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

May 12, 2005

To the Honorable Mayor and Members of the Board of Trustees  
Village of Riverwoods, Illinois

This letter is intended to inform the Mayor and Members of the Board of Trustees about significant matters related to the conduct of the annual audit so it can appropriately discharge its oversight responsibility and that we comply with our professional responsibilities to the Mayor and Members of the Board of Trustees.

In addition to our report on your financial statements, we have provided, under separate cover, a letter, dated May 12, 2005 concerning deficiencies in internal control that we noted during our audit of the Village of Riverwoods' financial statements for the year ended December 31, 2004.

The following summarizes various matters which must be communicated to you under auditing standards generally accepted in the United States of America.

## **The Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America**

Our audit of the financial statements of the Village of Riverwoods for the year ended December 31, 2004 was conducted 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, whether caused by error, fraudulent financial reporting or misappropriation of assets. 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. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplished that objective.

## **Management Judgments and Accounting Estimates**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit.

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**Audit Adjustments**

There were many audit adjustments made to the original trial balance presented to us to begin our audit. Of the adjustments that were recorded, the following is a description of the adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Village's financial reporting process.

	<u>Increase (Decrease)</u> <u>in Fund Balance</u>
General Fund	
• <i>Repayment of interfund balance through commingled cash</i>	\$ -
• <i>Record change in investment and amount due to Police fund for interest earned</i>	-
Police Fund	
• <i>Reclassification of misposted property taxes and interest revenues</i>	-
• <i>Record amount due from General fund for interest earned on investments held</i>	15,801
Consolidated Water Fund	
• <i>To record water sales and penalties on the cash basis</i>	10,795
• <i>Repayment of interfund balance using available commingled cash</i>	-
Escrow Fund	
• <i>To record cable franchise operator escrow, and related investment account</i>	-
Enterprise Funds - All	
• <i>Reclassify bond principal payments on Enterprise-fund type debt</i>	
• <i>Reclassify Contributed Capital as Retained Earnings per GASB 34</i>	
• <i>To capitalize assets added during the current year</i>	
• <i>To record current year depreciation expense</i>	
Various Funds	
• <i>To close out fund via interfund entry, per Board approval</i>	

**Uncorrected Misstatements**

We accumulated no uncorrected misstatements.

**Accounting Policies and Alternative Treatments**

Management and the Board of Trustees have the ultimate responsibility for the appropriateness of the accounting policies used by the Village. Following is a description of significant accounting policies or their application which were either initially selected or changed during the year:

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Governmental Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37 - *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement No. 38 - *Certain Financial Statement Note Disclosures*. These standards became effective for the Village with its year ending December 31, 2004.

The following accounting standards will have to be addressed in future years. They are provided to you for planning purposes.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, issued March 2003, will be effective for the Village beginning with its year ending December 31, 2006. This Statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also establishes and modifies disclosure requirements for deposit risks.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* will be effective for Village beginning with its year ending December 31, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued May 2004, will be effective for the Village beginning with its year ending December 31, 2007. This statement amends the requirements for the statistical section presented in the Village's comprehensive financial report. It clarifies what information should be included and addresses information from the entity-wide financial statements.

GASB Statement No. 45, *Accounting and Financial by Employers for Postemployment Benefits Other Than Pensions*, issued June, 2004, will be effective for the Village beginning with its year ending December 31, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expense/expenditures and related liabilities (assets), note disclosures and if applicable, required supplemental information in the financial statements of the employer.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, issued December 2004, will be effective for the Village beginning with its year ended December 31, 2007. This statement clarifies GASB Statement No. 34 by providing additional guidance on which portions of net assets need to be reported as restricted in the entity-wide financial statements.

GASB Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, will be effective for the Village beginning with its year ended December 31, 2007. This statement provides accounting and reporting guidance for local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. The statement also provides guidance on how to measure the cost of termination benefits.

The Village's management has not yet determined the effect these Statements will have on the Village's financial statements.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**Other Information in Documents Containing Audited Financial Statements**

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Village.

**Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

**Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Major Issues Discussed with Management Prior to Retention**

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

**Difficulties Encountered in Performing the Audit**

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

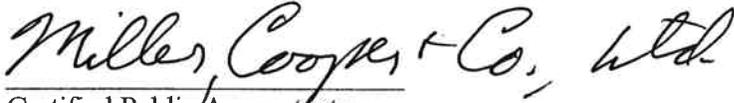
**Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Village.

This report is intended solely for the information and use of the Mayor and Members of the Board of Trustees and management and is not intended to be and should not be used by anyone other than the specified parties.

Sincerely,

MILLER, COOPER & CO., LTD.

  
Certified Public Accountants

Northbrook, Illinois  
May 12, 2005

ML/Riverwoods BL 04 ss