

VILLAGE OF CARPENTERSVILLE
Carpentersville, Illinois

FINANCIAL STATEMENTS

April 30, 2008

VILLAGE OF CARPENTERSVILLE

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VILLAGE OF CARPENTERSVILLE

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Carpentersville
Carpentersville, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carpentersville, Illinois, as of and for the year ended April 30, 2008 which collectively comprise the village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Carpentersville's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carpentersville, Illinois, as of April 30, 2008, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (pages iii – xvi) and the budgetary comparison information and pension-related information (pages 45 – 51) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Carpentersville's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules 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.

To the Village Board
Village of Carpentersville
Carpentersville, Illinois

The statistical information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Village of Carpentersville, Illinois. The information has not been audited by us and, accordingly, we express no opinion on such information.

Virchow, Krause & Company, LLP

Madison, Wisconsin
October 23, 2008

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

The Village of Carpentersville presents this Management's Discussion and Analysis (MD&A) review to (1) assist the reader in focusing on financial issues, (2) provide an overview of the village's financial activity, (3) identify changes in the village's financial position, (4) identify any material deviations from the financial plan, and (5) identify individual fund issues or concerns.

Since this narrative is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the village's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Carpentersville exceeded its liabilities by \$113,801,253 (net assets). Of this amount, \$12,362,244 is considered unrestricted net assets, \$4,069,115 is restricted for specific purposes (restricted net assets), and \$97,369,894 is invested in capital assets, net of related debt.
- The village's total net assets increased by \$4,686,242. Governmental activities net assets increased by \$1,910,377, while business-type net assets increased by \$2,775,865.
- On April 30, 2008, the village's governmental funds reported combined fund balances of \$12,845,560. Undesignated fund balance was \$11,194,517 at year-end.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the village's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the village.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of village government, reporting the village's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

Government-Wide Financial Statements

The government-wide financial statements are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns that add to a total for the primary government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the village is improving.

The two government-wide statements report the village's net assets and how they have changed. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The Statement of Activities presents information showing how the village's net assets changed during the most recent fiscal year and is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the village's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various government services and/or subsidy to various business-type activities.

All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

The governmental activities reflect the village's basic services, including police, fire, public works, community development, culture/recreation and general government. Property taxes, state sales taxes, local utility taxes, state income taxes, and home rule sales taxes finance the majority of these activities. The business-type activities reflect private sector type operations (Water and Sewer Fund), where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith. Traditional users of governmental financial statements will find the fund financial statements' presentation more familiar. The focus is on major funds, rather than fund types. All of the funds of the village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Governmental Funds

The governmental major fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the government-wide financial statements. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance both provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. The governmental funds total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources), which is reflected. The flow of current financial resources reflects bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation eliminates these transactions and incorporates the capital assets and long-term obligation (bond and others) into the governmental activities column (in the Government-Wide Statements).

The village maintains 16 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Motor Fuel Tax Fund, and the Capital Improvement Projects Fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The village adopts an annual appropriated budget for its governmental and enterprise funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Proprietary Funds – The village maintains one proprietary fund, which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Other Information – In addition to the basic financial statements and accompanying notes, required supplementary information presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

An analysis of the village's financial position begins with a review of the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets. These two statements report the village's net assets and changes therein. It should be noted that the financial position could also be affected by non-financial factors, including economic conditions, population growth and new regulations.

Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Carpentersville, assets exceeded liabilities by \$113,801,253 as of April 30, 2008.

A summary of the village's Statement of Net Assets is presented below in Table 1.

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

Statement of Net Assets (cont.)

Table 1: Condensed Statements of Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Assets						
Current Assets	\$27,554,269	\$29,872,166	\$11,985,292	\$14,311,211	\$39,539,561	\$44,183,377
Capital Assets	68,099,451	63,211,918	53,205,673	49,055,210	121,305,124	112,267,128
Total Assets	95,653,720	93,084,084	65,190,965	63,366,421	160,844,685	156,450,505
Liabilities						
Current Liabilities	15,401,669	14,673,129	2,934,278	2,829,947	18,335,947	17,503,076
Long-Term Liabilities	9,482,949	9,552,230	19,224,536	20,280,188	28,707,485	29,832,418
Total Liabilities	24,884,618	24,225,359	22,158,814	23,110,135	47,043,432	47,335,494
Net Assets						
Invested in Capital Assets, Net of Related Debt	61,721,718	59,316,754	35,648,176	31,795,655	97,369,894	91,112,409
Restricted	4,069,115	4,241,765	-	-	4,069,115	4,241,765
Unrestricted	4,978,269	5,300,206	7,383,975	8,460,631	12,362,244	13,760,837
Total Net Assets	\$70,769,102	\$68,858,725	\$43,032,151	\$40,256,286	\$113,801,253	\$109,115,011

The largest portion of the village's net assets (85.6%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the village's net assets (3.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (10.8%) may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the village reported positive balances in all three categories of net assets, both for the village as a whole, as well as for its separate governmental and business-type activities.

The Statement of Net Assets shows the changes in financial position of net assets. The specific nature or source of these changes then becomes more evident in the Statement of Revenues, Expenses and Changes in Net Assets or Statement of Activities as shown below in Table 2.

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

Statement of Net Assets (cont.)

Table 2: Condensed Statement of Revenues, Expenses and Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues						
Charges for Services	\$4,215,668	\$4,514,013	\$5,395,767	\$5,985,811	\$9,611,435	\$10,499,824
Operating Grants & Contributions	77,116	330,003	-	-	77,116	330,003
Capital Grants & Contributions	4,319,432	6,895,645	4,386,370	2,930,292	8,705,802	9,825,937
General Revenues:						
Property Taxes	7,464,166	6,792,096	-	-	7,464,166	6,792,096
Sales and Use Tax	6,079,532	5,597,614	-	-	6,079,532	5,597,614
Income Tax	3,258,589	3,003,525	-	-	3,258,589	3,003,525
Utility Tax	1,484,257	1,411,704	-	-	1,484,257	1,411,704
Other Taxes	214,450	196,596	-	-	214,450	196,596
Other/Miscellaneous	1,362,172	1,782,908	468,954	496,383	1,831,126	2,279,291
Total Revenues	28,475,382	30,524,104	\$10,251,091	9,412,486	38,726,473	39,936,590
Expenses:						
General Government	2,727,628	2,776,222	-	-	2,727,628	2,776,222
Public Safety	13,943,995	13,254,573	-	-	13,943,995	13,254,573
Public Works	7,468,853	6,397,636	-	-	7,468,853	6,397,636
Community Development	1,979,038	1,716,270	-	-	1,979,038	1,716,270
Culture & Recreation	136,652	52,355	-	-	136,652	52,355
Waterworks & Sewerage	-	-	7,475,226	7,129,154	7,475,226	7,129,154
Interest & Fiscal Charges	308,839	309,424	-	-	308,839	309,424
Total Expenses	26,565,005	24,506,480	7,475,226	7,129,154	34,040,231	31,635,634
Change in Net Assets	1,910,377	6,017,624	2,775,865	2,283,332	4,686,242	8,300,956
Beginning Net Assets	68,858,725	62,841,101	40,256,286	37,972,954	109,115,011	100,814,055
Ending Net Assets	\$70,769,102	\$68,858,725	\$43,032,151	\$40,256,286	\$113,801,253	\$109,115,011

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

Statement of Net Assets (cont.)

The village's combined net assets (the village's bottom line) increased to \$113,801,253 from \$109,115,011 as a result of the governmental activities net gain of \$1,910,377 and business-type activities net gain of \$2,775,865.

Net assets of the village's governmental funds were \$70,769,102. The village's unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, were \$4,978,269.

The net assets of business-type activities were \$43,032,151. The village can use the unrestricted net assets of \$7,383,975 to finance the continuing operation of its water and wastewater facilities.

Current Year Impacts

Governmental Activities:

- Purchased a paving machine for the Street Department
- Spent 2006 bond proceeds to continue upgrade and replacement of streets and sidewalks according to Capital Improvement Plan
- Interest rates dropped causing a significant decrease in investment income
- Purchased a fire engine and ambulance for the Fire Department
- Established a capital equipment replacement fund
- Provided funding for an Economic Development Department to promote new business
- Added three positions to full-time staff and one part-time position

Business-Type Activities:

- Purchased a sanitary sewer jetting truck
- Added one full-time position to the Water Department
- Increased water and sewer rates effective January 1, 2008
- Decrease in new housing starts reduced connection fee revenue
- Experienced similar reduction in investment income due to drop in interest rates
- Spent 2006 bond proceeds to continue upgrade and replacement of water and sewer infrastructure according the Capital Improvement Plan

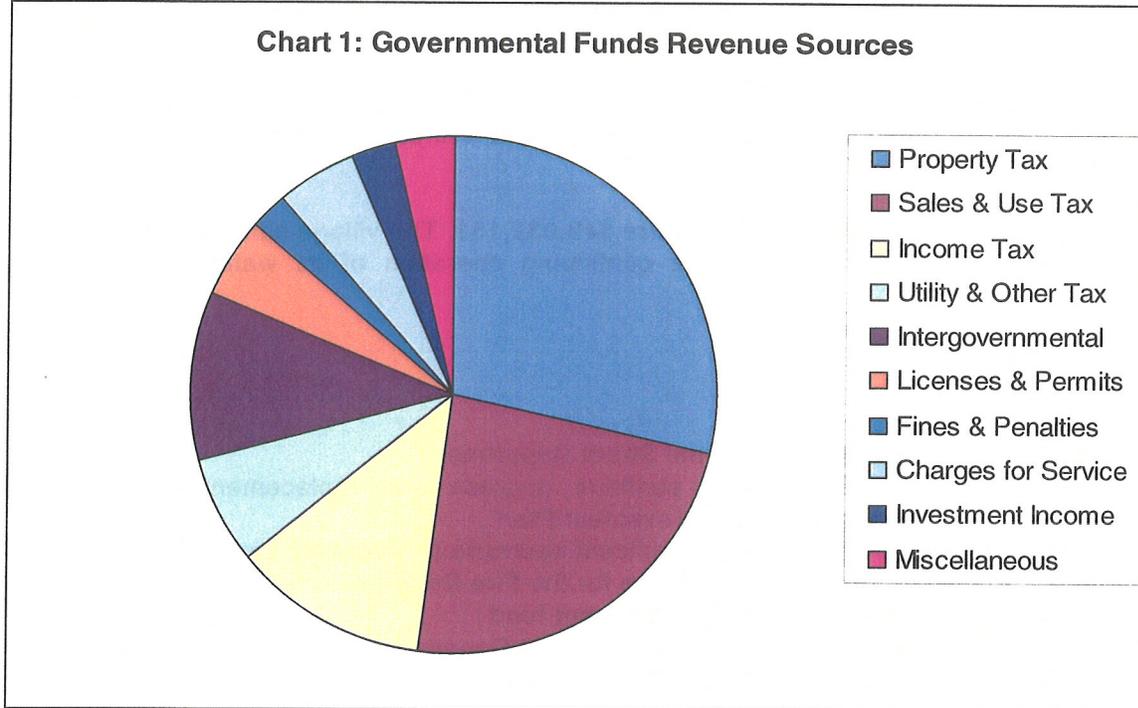
VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2008

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

Revenues

An analysis of the village's governmental funds revenue sources is presented below in Chart 1.



For the fiscal year ended April 30, 2008, revenues from governmental funds totaled \$26,135,728. Property taxes totaled \$7,464,166 representing 29% of total governmental funds' revenue. Sales taxes account for 23% of revenue and local utility tax combined with state income tax represents 18% of total governmental fund revenue.

Property tax revenues increased from \$6,792,096 in fiscal year 2007 to \$7,464,166 in fiscal year 2008, an increase of \$672,070 or 9.9%. The village experienced a 5.45% increase in its rate setting equalized assessed valuation (EAV) from \$649,170,432 in tax year 2006 to \$684,585,356 in tax year 2007.

Equalized Assessed Valuation

<u>Levy Year</u>	<u>Rate Setting Property in Kane County</u>
2006	\$ 649,170,432
2007	\$ 684,585,356
Increase	\$ 35,414,924
% Increase	5.45%

VILLAGE OF CARPENTERSVILLE, ILLINOIS

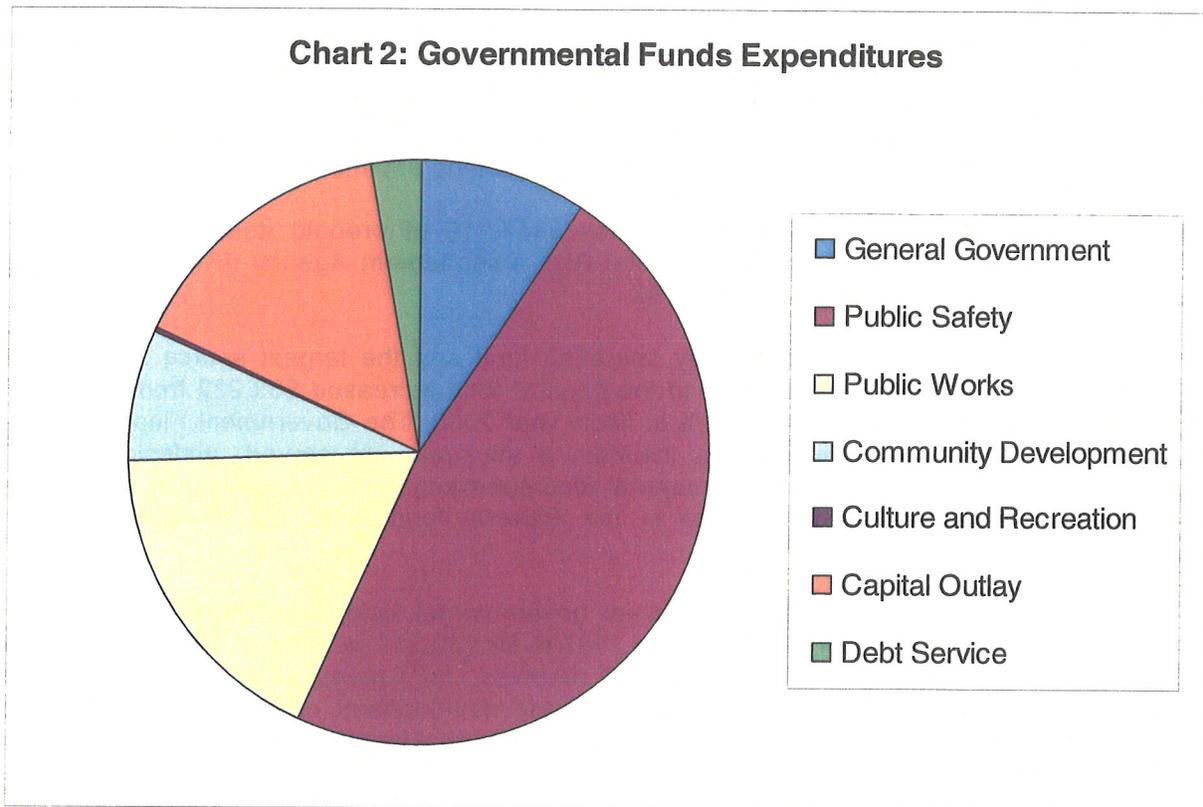
MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

Expenditures

An analysis of the village's governmental funds expenditures by category is presented below in Chart 2.



For the fiscal year ended April 30, 2008 expenditures from governmental funds totaled \$29,093,445. Public Safety services account for 48% of all governmental funds expenditures. Public Works services and capital purchases represent a combined 33% of all governmental fund expenditures.

Business-Type Activities

Business-type activities increased the village's net assets by \$2,775,865. This increase is primarily a result of the following items:

- System upgrades funded with bond proceeds
- Developer contributions

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

Financial Analysis of the Village Funds

Governmental Funds

At April 30, 2008, the governmental funds reported a combined fund balance of \$12,845,560, which is an 18.6% decrease from the beginning of the year of \$15,774,997. The decrease is due to the planned spend-down of the 2006 bond proceeds to fund street and water and sewer infrastructure upgrades and improvements as indicated in the 5-Year Capital Improvement Plan. Of the total fund balance, \$11,194,517 is unreserved and undesignated indicating availability for continuing village services. \$180,292 is designated for budgeted carryovers and police department programs that have specific restrictions regarding expenditures.

Reserved fund balance of \$1,470,751 includes \$447,716 of prepaid items, debt service of \$719,619, investment in the Intergovernmental Risk Management Agency (IRMA) of \$262,690, and noncurrent interfund balances of \$40,726.

The general fund is the village's primary operating fund and the largest source of day-to-day service delivery. The total fund balance in the general fund increased \$63,232 from \$5,935,438 in fiscal year 2007 to \$5,998,670 or 1.1% in fiscal year 2008. The Government Finance Officers Association recommends municipalities maintain a minimum unreserved, undesignated fund balance of five to 15 percent of regular general fund operating revenues. Presently, the village's unreserved, undesignated fund balance in the General fund is 21.7% of actual operating revenues.

The Motor Fuel Tax (MFT) Fund, also a major governmental fund, experienced a decrease in fund balance of \$545,458 from \$2,775,715 in 2007 to \$2,230,257 in 2008 or 19.7%. The village has implemented a planned spend-down of MFT reserves. MFT revenues are to be used to fund street improvements or street maintenance. With the development of its capital improvement plan, the village plans to use all MFT reserves to fund capital improvements, street lighting and maintenance throughout the village.

The Capital Improvement Projects Fund, the third major governmental fund, was established when the Village sold \$10,000,000 bonds in 2006. The bond proceeds are to be spent on street and water and sewer infrastructure upgrades, repair and replacement. The projects are determined by the Village's engineering and public works departments and since the capital asset additions benefit both the General and Proprietary funds the debt service is shared equally by the funds as well. The Capital Improvement Projects fund experienced a net decrease in fund balance of \$2,840,035 this is due to the replacement and reconstruction of capital assets that are not reflected in Fund Financial statements.

Proprietary Funds

At April 30, 2008 the proprietary fund total net assets increased by \$2,775,865 from \$40,256,286 in 2007 to \$43,032,151 in 2008 or 6.9%. The increase is due largely in part to developer contributions and Capital Improvement Project additions.

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

General Fund Budgetary Highlights

Table 3

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ 23,243,195	\$ 23,686,928	\$ 23,435,985
Expenditures	<u>22,851,537</u>	<u>23,148,410</u>	<u>23,401,033</u>
Excess (Deficiency) of Revenues over Expenditures	391,658	538,518	34,952
Other Financing Sources	<u>-</u>	<u>3,000</u>	<u>28,280</u>
Net Change in Fund Balance	<u>\$ 391,658</u>	<u>541,518</u>	<u>63,232</u>

General fund actual revenues were \$250,943 less than budgeted projections due in part to a slow-down in the housing market that affects building permits and developer contributions. Additionally, the Village recognized a \$250,000 investment loss due to a bank closure in May 2008. General fund expenditures exceeded budgeted appropriations mostly due to a new refuse contract, but other contributing factors include overtime expenses in the street department, legal services, and liability and health insurance premiums.

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS April 30, 2008

CAPITAL ASSETS

The village's investment in capital assets for its governmental and business-type activities as of April 30, 2008 amounts to \$121,305,124. The investment in capital assets includes land, buildings, equipment, underground distribution and collection systems, infrastructure, and construction in progress. The Village saw a net increase of capital assets (including additions, developer contributions, and retirements) of \$9,037,996.

Table 4: Capital Assets

	Governmental Activities 2008	Governmental Activities 2007	Business- type Activities 2008	Business- type Activities 2007	Totals 2008	Totals 2007
Land, CWIP, and other assets not being depreciated	\$19,902,853	\$18,477,027	\$3,007,923	\$1,702,015	\$22,910,776	\$20,179,042
Buildings and improvements	6,244,325	6,244,325	33,534,256	33,534,256	39,778,581	39,778,581
Vehicles and equipment	5,334,907	4,917,844	2,019,974	1,794,258	7,354,881	6,712,102
Infrastructure and utility plant	50,112,450	46,048,768	38,673,412	33,624,557	88,785,862	79,673,325
Total Capital Assets	\$81,594,535	75,687,964	\$77,235,565	70,655,086	158,830,100	146,343,050
Less: Accumulated Depreciation	(13,495,084)	(12,476,046)	(24,029,892)	(21,599,876)	(37,524,976)	(34,075,922)
Net Capital Assets	\$68,099,451	\$63,211,918	\$53,205,673	\$49,055,210	\$121,305,124	\$112,267,128

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

DEBT OUTSTANDING

The village currently has two outstanding general obligation bond series and one Illinois EPA loan outstanding. Total general obligation debt is \$12,785,000, of which \$7,172,500 is attributed to governmental activities and \$5,612,500 is attributed to business-type activities. The village's loan from the Illinois Environmental Protection Agency for construction of the wastewater treatment plant carries an outstanding balance of \$14,575,154.

The village, under its home rule authority, does not have a legal debt limit. The village's current debt rating is A1. The village has moderate debt burdens and in fiscal year 2009 issued \$10,000,000 of general obligation bonds to continue funding its infrastructure capital improvement plan.

Additional information on the village's long-term debt can be found in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The village's composition is primarily residential with a growing commercial base. The property tax revenue derived from residential, commercial, and industrial properties has been stable. The village has been affected by the general decline in the nation's economy; construction permit revenue has decreased due to a slow-down in new housing starts. The village's unemployment rate increased from 5.7% in 2006 to 6.3% in 2007 according to the Illinois Department of Employment Security.

The Village of Carpentersville is committed to enhancing its economic development opportunities and is actively searching for new and innovative ways to attract new business including sales tax sharing incentives, partnerships, and TIF districts.

The Village's commitment to improving streets is evidenced by the issuance of \$10,000,000 bonds in September 2008. Approximately \$6,700,000 will be spent over the next three years to upgrade and improve village streets. This is in addition to \$5,000,000 that was committed to street repair in June 2006. The remaining funds will be used to improve and repair water and sewer related infrastructure.

Beginning October 2008, the village will increase water and sewer rates to \$2.90/1,000 gallons and \$3.22/1,000 gallons respectively. The enterprise fund is responsible for repaying 50% of the debt incurred with the 2006 bond issue and 33% of the debt service needed to repay the 2008 bond issue.

VILLAGE OF CARPENTERSVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the village's finances and to demonstrate the village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Lisa Happ, Finance Director, Village of Carpentersville, 1200 L. W. Besinger Drive, Carpentersville, Illinois 60110.

VILLAGE OF CARPENTERSVILLE

STATEMENT OF NET ASSETS April 30, 2008

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 15,268,457	\$ 8,348,854	\$ 23,617,311
Receivables			
Taxes			
Property	10,762,383	-	10,762,383
Personal property	22,211	-	22,211
Sales	757,281	-	757,281
Utility	320,229	-	320,229
Motor fuel	77,593	-	77,593
Income	1,184,405	-	1,184,405
Other	155,897	-	155,897
Accounts	617,641	894,220	1,511,861
Accrued interest	103,523	61,176	164,699
Internal balances	(2,523,592)	2,523,592	-
Prepaid items	447,716	85,279	532,995
Investment in IRMA	262,690	-	262,690
Other assets	97,835	72,171	170,006
Capital Assets			
Capital assets not being depreciated	19,902,853	3,007,923	22,910,776
Capital assets, net of depreciation	<u>48,196,598</u>	<u>50,197,750</u>	<u>98,394,348</u>
Total Assets	<u>95,653,720</u>	<u>65,190,965</u>	<u>160,844,685</u>
LIABILITIES			
Accounts payable and accrued expenses	2,301,003	1,126,591	3,427,594
Deposits and customer advances	1,221,214	752,034	1,973,248
Unearned revenues	10,762,382	-	10,762,382
Long-Term Liabilities			
Due within one year	1,117,070	1,055,653	2,172,723
Due in more than one year	<u>9,482,949</u>	<u>19,224,536</u>	<u>28,707,485</u>
Total Liabilities	<u>24,884,618</u>	<u>22,158,814</u>	<u>47,043,432</u>
NET ASSETS			
Invested in capital assets, net of related debt	61,721,718	35,648,176	97,369,894
Restricted for			
Debt service	621,610	-	621,610
Investment in IRMA	262,690	-	262,690
Motor fuel tax projects	2,230,257	-	2,230,257
TIF district purposes	954,558	-	954,558
Unrestricted	<u>4,978,269</u>	<u>7,383,975</u>	<u>12,362,244</u>
TOTAL NET ASSETS	<u>\$ 70,769,102</u>	<u>\$ 43,032,151</u>	<u>\$ 113,801,253</u>

See accompanying notes to financial statements.

VILLAGE OF CARPENTERSVILLE

STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2008

Functions/Programs	Program Revenues			Net Expenses (Revenues) and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities:							
General government	\$ 2,727,628	\$ 742,410	\$ -	\$ -	\$ (1,985,218)	\$ -	\$ (1,985,218)
Public safety	13,943,995	2,420,812	14,155	-	(11,509,028)	-	(11,509,028)
Public works	7,468,853	1,024,426	62,961	4,319,432	(2,062,034)	-	(2,062,034)
Community development	1,979,038	28,020	-	-	(1,951,018)	-	(1,951,018)
Culture and recreation	136,652	-	-	-	(136,652)	-	(136,652)
Interest and fiscal charges	308,839	-	-	-	(308,839)	-	(308,839)
Total Governmental Activities	<u>26,565,005</u>	<u>4,215,668</u>	<u>77,116</u>	<u>4,319,432</u>	<u>(17,952,789)</u>	<u>-</u>	<u>(17,952,789)</u>
Business-type Activities:							
Waterworks	3,726,543	2,470,416	-	2,120,500	-	864,373	864,373
Sewerage	3,748,683	2,925,351	-	2,265,870	-	1,442,538	1,442,538
Total Business-type Activities	<u>7,475,226</u>	<u>5,395,767</u>	<u>-</u>	<u>4,386,370</u>	<u>-</u>	<u>2,306,911</u>	<u>2,306,911</u>
Totals	<u>\$ 34,040,231</u>	<u>\$ 9,611,435</u>	<u>\$ 77,116</u>	<u>\$ 8,705,802</u>	<u>(17,952,789)</u>	<u>2,306,911</u>	<u>(15,645,878)</u>
General Revenues:							
Taxes:							
Property					7,464,166	-	7,464,166
Sales and use					6,079,532	-	6,079,532
Income					3,258,589	-	3,258,589
Utility					1,484,257	-	1,484,257
Other					214,450	-	214,450
Public gifts					32,743	-	32,743
Investment income					699,622	466,410	1,166,032
Miscellaneous					629,807	2,544	632,351
Total General Revenues					<u>19,863,166</u>	<u>468,954</u>	<u>20,332,120</u>
Change in Net Assets					1,910,377	2,775,865	4,686,242
NET ASSETS - Beginning of Year					<u>68,858,725</u>	<u>40,256,286</u>	<u>109,115,011</u>
NET ASSETS - END OF YEAR					<u>\$ 70,769,102</u>	<u>\$ 43,032,151</u>	<u>\$ 113,801,253</u>

See accompanying notes to financial statements.

VILLAGE OF CARPENTERSVILLE

BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2008

	General	Motor Fuel Tax	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 4,164,807	\$ 2,248,351	\$ 4,047,383	\$ 4,807,916	\$ 15,268,457
Receivables					
Taxes					
Property	9,938,077	-	-	824,306	10,762,383
Personal property	22,211	-	-	-	22,211
Sales	757,281	-	-	-	757,281
Utility	320,229	-	-	-	320,229
Motor fuel	-	77,593	-	-	77,593
Income	1,184,405	-	-	-	1,184,405
Other	155,897	-	-	-	155,897
Accounts	614,804	-	-	2,837	617,641
Accrued interest	15,447	30,743	35,177	22,156	103,523
Due from other funds	167,655	-	-	-	167,655
Prepaid items	447,716	-	-	-	447,716
Investment in IRMA	262,690	-	-	-	262,690
TOTAL ASSETS	\$ 18,051,219	\$ 2,356,687	\$ 4,082,560	\$ 5,657,215	\$ 30,147,681
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 643,650	\$ 105,489	\$ 44,858	\$ 865,512	\$ 1,659,509
Accrued liabilities	323,846	-	-	-	323,846
Health insurance claims payable	219,638	-	-	-	219,638
Special deposits	552,153	-	-	669,061	1,221,214
Due to other funds	-	-	2,650,521	40,726	2,691,247
Deferred revenues	10,313,262	20,941	17,639	834,825	11,186,667
Total Liabilities	12,052,549	126,430	2,713,018	2,410,124	17,302,121
Fund Balances					
Reserved					
Prepaid items	447,716	-	-	-	447,716
Investments in IRMA	262,690	-	-	-	262,690
Noncurrent interfunds	40,726	-	-	-	40,726
Debt service	-	-	-	719,619	719,619
Unreserved, reported in					
General fund - designated	180,292	-	-	-	180,292
General fund - undesignated	5,067,246	-	-	-	5,067,246
Special revenue funds - undesignated	-	2,230,257	-	1,350,012	3,580,269
Capital projects funds - undesignated	-	-	1,369,542	1,177,460	2,547,002
Total Fund Balances	5,998,670	2,230,257	1,369,542	3,247,091	12,845,560
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,051,219	\$ 2,356,687	\$ 4,082,560	\$ 5,657,215	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.					68,099,451
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					424,285
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. (See Note II.A.)					(10,600,194)
NET ASSETS OF GOVERNMENTAL ACTIVITIES					\$ 70,769,102

VILLAGE OF CARPENTERSVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended April 30, 2008

	General	Motor Fuel Tax	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 17,619,632	\$ -	\$ -	\$ 881,363	\$ 18,500,995
Intergovernmental	1,804,465	999,593	-	-	2,804,058
Licenses and permits	1,298,635	-	-	-	1,298,635
Fines, forfeitures and penalties	576,710	-	-	-	576,710
Public charges for services	1,229,366	-	9,300	41,000	1,279,666
Investment income	331,483	179,455	196,440	39,577	746,955
Miscellaneous revenues	575,694	352,115	-	900	928,709
Total Revenues	<u>23,435,985</u>	<u>1,531,163</u>	<u>205,740</u>	<u>962,840</u>	<u>26,135,728</u>
EXPENDITURES					
Current					
General government	2,662,854	-	-	-	2,662,854
Public safety	13,823,810	-	-	-	13,823,810
Public works	4,734,071	362,880	-	107,317	5,204,268
Community development	2,046,670	-	-	-	2,046,670
Culture and recreation	133,628	-	-	360	133,988
Capital Outlay	-	1,331,813	3,045,775	8,605	4,386,193
Debt Service					
Principal retirement	-	-	-	517,500	517,500
Interest and fiscal charges	-	-	-	318,162	318,162
Total Expenditures	<u>23,401,033</u>	<u>1,694,693</u>	<u>3,045,775</u>	<u>951,944</u>	<u>29,093,445</u>
Excess (deficiency) of revenues over expenditures	<u>34,952</u>	<u>(163,530)</u>	<u>(2,840,035)</u>	<u>10,896</u>	<u>(2,957,717)</u>
OTHER FINANCING SOURCES (USES)					
Sale of village property	28,280	-	-	-	28,280
Transfers in	-	-	-	381,928	381,928
Transfers out	-	(381,928)	-	-	(381,928)
Total Other Financing Sources (Uses)	<u>28,280</u>	<u>(381,928)</u>	<u>-</u>	<u>381,928</u>	<u>28,280</u>
Net Change in Fund Balances	63,232	(545,458)	(2,840,035)	392,824	(2,929,437)
FUND BALANCES - Beginning of Year	<u>5,935,438</u>	<u>2,775,715</u>	<u>4,209,577</u>	<u>2,854,267</u>	<u>15,774,997</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,998,670</u>	<u>\$ 2,230,257</u>	<u>\$ 1,369,542</u>	<u>\$ 3,247,091</u>	<u>\$ 12,845,560</u>

See accompanying notes to financial statements.

VILLAGE OF CARPENTERSVILLE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended April 30, 2008

Net change in fund balances - total governmental funds \$ (2,929,437)

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

Governmental funds report capital outlays as expenditures. However, in the
statement of net assets the cost of these assets is capitalized. The assets are
depreciated over their estimated useful lives and depreciation expense is reported.
in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	4,386,193
Some items reported as capital outlay are not capitalized	(720,160)
Some items capitalized are reported as current expenditures in the funds	225,336
Depreciation reported in the government-wide statements	(1,427,149)
Net book value of assets retired	(36,830)

Contributed capital assets are reported as revenues in the government-wide statements. 2,460,143

Receivables not currently available are reported as deferred revenue in the fund financial
statements but are recognized as revenue when earned in the government-wide
financial statements.

Accounts receivable	(47,333)
Interest receivable	(64,605)

Debt and lease issues provide current financial resources to governmental funds,
but issuing these obligations increases long-term liabilities in the statement of net
assets. Repayment of principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net assets.

Principal payments	517,500
Capital lease payments	34,327

Governmental funds report the effect of issuance costs, premiums, discounts, and similar
items when debt is first issued, whereas these amounts are deferred and amortized in the
statement of activities.

Amortization of premium on debt	9,380
Amortization of discount on debt issuance costs	(8,020)

Some expenses in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures
in the governmental funds. The expenses that changed during the year include:

Compensated absences	(94,245)
Pension benefit obligation	(402,686)
Accrued interest on debt	<u>7,963</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,910,377

See accompanying notes to financial statements.

VILLAGE OF CARPENTERSVILLE

STATEMENT OF NET ASSETS
ENTERPRISE FUND
WATERWORKS AND SEWERAGE FUND
April 30, 2008

ASSETS	
Current Assets	
Cash and investments	\$ 8,348,854
Customer accounts receivable, net	882,496
Miscellaneous accounts receivable	11,724
Accrued interest	61,176
Prepaid items	<u>85,279</u>
Total Current Assets	<u>9,389,529</u>
Noncurrent Assets	
Restricted construction fund due from other funds	2,650,521
Unamortized debt issuance cost	72,171
Utility Plant	
Plant in service	75,477,403
Construction in progress	1,758,162
Less: Accumulated depreciation	<u>(24,029,892)</u>
Net Utility Plant	<u>53,205,673</u>
Total Noncurrent Assets	<u>55,928,365</u>
Total Assets	<u>65,317,894</u>

LIABILITIES	
Current Liabilities	
Accounts payable	\$ 730,373
Accrued liabilities	96,451
Compensated absences	113,103
Deposits	265,892
Due to general fund	126,929
Current portion of IEPA loan	778,433
Current portion of general obligation bonds	271,250
Current portion of unamortized bond premium	5,970
Accrued interest	<u>186,664</u>
Total Current Liabilities	<u>2,575,065</u>
Noncurrent Liabilities	
IEPA loan	13,796,721
General obligation bonds	5,341,250
Unamortized bond premium	86,565
Customer advance	<u>486,142</u>
Total Noncurrent Liabilities	<u>19,710,678</u>
Total Liabilities	<u>22,285,743</u>
NET ASSETS	
Invested in capital assets, net of related debt	35,648,176
Unrestricted	<u>7,383,975</u>
TOTAL NET ASSETS	<u>\$ 43,032,151</u>

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VILLAGE OF CARPENTERSVILLE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
ENTERPRISE FUND
WATERWORKS AND SEWERAGE FUND
For the Year Ended April 30, 2008

OPERATING REVENUE

Water user charges	\$ 2,028,647
Sewer user charges	2,318,995
Water connection fees	188,323
Sewer connection fees	188,405
Water availability charges	144,210
Sewer availability charges	324,976
Meter sales	16,260
Services fees and penalties	160,179
Miscellaneous	25,772
Total Operating Revenue	<u>5,395,767</u>

OPERATING EXPENSES

Water department	2,382,175
Sewer department	2,404,316
Depreciation	2,058,904
Total Operating Expenses	<u>6,845,395</u>
Operating Loss	<u>(1,449,628)</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	466,410
Interest expense	(629,400)
Amortization of debt issuance cost and bond premium	1,158
Miscellaneous revenue	1,386
Miscellaneous expense	(431)
Total Nonoperating Revenues (Expenses)	<u>(160,877)</u>

Loss Before Capital Contributions (1,610,505)

CAPITAL CONTRIBUTIONS

4,386,370

CHANGE IN NET ASSETS

2,775,865

TOTAL NET ASSETS - Beginning of Year

40,256,286

TOTAL NET ASSETS - END OF YEAR

\$ 43,032,151

See accompanying notes to financial statements.

VILLAGE OF CARPENTERSVILLE

STATEMENT OF CASH FLOWS ENTERPRISE FUND WATERWORKS AND SEWERAGE FUND For the Year Ended April 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 5,527,802
Cash paid to suppliers for goods and services	(2,767,798)
Cash payments to employees for services	(1,846,215)
Customer's deposits	<u>26,650</u>
Net Cash Flows from Operating Activities	<u>940,439</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Debt retired	(1,226,569)
Interest paid	(640,580)
Acquisition and construction of capital assets	(297,327)
Customer advances	<u>92,622</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(2,071,854)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investments purchased	(3,282,110)
Investments sold and matured	3,809,466
Investment income	<u>462,525</u>
Net Cash Flows from Investing Activities	<u>989,881</u>

Net Change in Cash and Cash Equivalents (141,534)

CASH AND CASH EQUIVALENTS - Beginning of Year 5,231,882

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 5,090,348

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital assets acquired through contributions	<u>\$ 4,829,095</u>
Accumulated depreciation on contributed assets	<u>\$ 442,724</u>
Capital assets acquired through the capital projects fund	<u>\$ 1,525,669</u>

**RECONCILIATION OF OPERATING LOSS TO NET
CASH FLOWS FROM OPERATING ACTIVITIES**

Operating loss	\$ (1,449,628)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Nonoperating income	955
Depreciation	2,058,904
Changes in Assets and Liabilities	
Customer accounts receivable	134,084
Other accounts receivable	(3,004)
Prepaid items	(647)
Accounts payable	66,147
Other current liabilities	106,978
Customer deposits	<u>26,650</u>

NET CASH FLOWS FROM OPERATING ACTIVITIES \$ 940,439

**RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO STATEMENT OF NET ASSETS ACCOUNTS**

Cash and investments	\$ 8,348,854
Less: Noncash equivalents	<u>(3,258,506)</u>

CASH AND CASH EQUIVALENTS \$ 5,090,348

VILLAGE OF CARPENTERSVILLE

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

April 30, 2008

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments		
Deposits	\$ 32,875	\$ 268
Money markets	859,250	-
U.S. treasuries	4,454,733	-
U.S. agencies - implicit	11,880,323	-
U.S. agencies - explicit	300,396	-
Stock	5,242,018	-
State and local bonds	651,170	-
Mutual funds	6,255,149	-
Accrued interest	190,540	-
Due from other taxing units	1,128	5,199
Prepaid items	13,026	-
Total Assets	<u>29,880,608</u>	<u>5,467</u>
LIABILITIES		
Accounts payable	18,509	5,199
Deferred revenue	80,247	-
Amounts held for others	-	268
Total Liabilities	<u>98,756</u>	<u>5,467</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 29,781,852</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF CARPENTERSVILLE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS For the Year Ended April 30, 2008

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 1,755,742
Participants	823,487
Total Contributions	<u>2,579,229</u>
Net Investment Income	
Investment income	1,354,905
Less: investment expense	<u>(143,799)</u>
Net Investment Income	<u>1,211,106</u>
Total Additions	<u>3,790,335</u>
DEDUCTIONS	
Benefits and refunds	1,213,479
Other contractual	<u>171,722</u>
Total Deductions	<u>1,385,201</u>
CHANGE IN NET ASSETS	2,405,134
NET ASSETS - Beginning of Year	<u>27,376,718</u>
NET ASSETS - END OF YEAR	<u>\$ 29,781,852</u>

See accompanying notes to financial statements.

VILLAGE OF CARPENTERSVILLE

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VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Carpentersville, Illinois (the “village”) was incorporated in 1851. The village is a home-rule municipality, under the 1970 Illinois Constitution, located in Kane County, Illinois. The village operates under a President-Trustee form of government and provides services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation (water and sewer), health and social services, public improvements, planning and zoning, and general administrative services. The accounting policies of the village conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the Village of Carpentersville. The reporting entity for the Village of Carpentersville consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Government-Wide Financial Statements (cont.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

The village reports the following major governmental funds:

General Fund – accounts for the village's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Motor Fuel Tax Fund – Accounts for motor fuel tax revenues legally restricted to supporting eligible motor fuel tax projects.

Capital Improvement Projects – Accounts for the acquisition and construction of capital projects and proceeds from related long-term borrowing.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The village reports the following major enterprise fund:

Waterworks and Sewerage Utility – accounts for operations of the water and sewer systems

The village reports the following non-major governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- McNamee Memorial Park
- Veterans' Memorial Garden
- Special Service Area No. 1
- Special Service Area No. 2
- Special Service Area No. 3
- Tax Increment Financing District No. 1
- Tax Increment Financing District No. 2
- Title V Federal Grant
- Developer Activities

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

- Capital Improvements Public Works
- Capital Improvements Fire
- Street

In addition, the village reports the following fund types:

Pension (and other employee benefit) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

- Police Pension Trust
- Firefighters' Pension Trust

Agency funds are used to account for assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

- Special Service Areas 10 and 11
- Special Service Area 18

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's waterworks and sewerage utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

***Fund Financial Statements* (cont.)**

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues.

Revenues susceptible to accrual include property taxes, income taxes, sales taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the waterworks and sewerage utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of village funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company or savings and loan association which are insured.
- b. Bonds or securities issued or guaranteed by the federal government.
- c. Illinois state investment pools.
- d. Money market mutual funds with portfolios of securities issued or guaranteed by the United States government.
- e. Short-term commercial paper rated within the three highest classifications by at least two standard rating services.
- f. Repurchase agreements with public depositories.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporation's tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds, and equity securities. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois pension code.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The village has adopted an investment policy. That policy contains the following guidelines for allowable investments:

Custodial Credit Risk

The village will not maintain funds in any financial institution that is not a member of the FDIC or SIPC system. Furthermore, the village will not maintain funds in any financial institution not willing to post, or not capable of posting, required collateral for funds in excess of the FDIC or SIPC insurable limits. The amount of collateral provided will not be less than 110% of the fair market value of the net amount of public funds secured. Pledged collateral will be held in safekeeping by a third party depository.

Credit Risk

The village will minimize credit risk by limiting investments to the safest type of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the village will do business, and diversifying the investment portfolio.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest Rate Risk

The village will minimize interest rate risk by structuring the investment portfolio for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The village will also invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentration of credit risk is not addressed by the village's investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

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

See Note IV.A. for further information.

2. Receivables

Property taxes for the 2008 levy year attach as an enforceable lien on January 1, 2008, on property value assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year end by passage of a Tax Levy Ordinance. Tax bills are prepared by the county and issued on or about May 1, 2008 and are payable in two installments, on or about June 1, 2008 and September 1, 2008. The county collects such taxes and remits them periodically.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

General fund accounts receivable have been shown net of an allowance of \$175,009. Waterworks and sewerage fund customer accounts receivable have been shown net of a \$65,500 allowance for uncollectible accounts.

Billings for the utilities are rendered and recorded quarterly based on metered usage. The utilities do accrue revenues beyond the billing dates. Current rates were approved by the village board effective October 1, 2007.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year end inventory was not significant. Proprietary fund inventories are generally used for construction and/or operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used. Year end proprietary fund inventory was not significant.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets. There were no restricted net assets at year end.

5. Capital Assets

Government-Wide Statements

Capital assets, which includes property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$20,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to May 1, 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. As of April 30, 2008, the village has retroactively reported all infrastructure assets acquired by its governmental fund types.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$-0- of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 Years
Machinery and Equipment	3-25 Years
Utility System	10-100 Years
Infrastructure	50-100 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

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

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

7. Compensated Absences (cont.)

Payments for vacation leave will be made at rates in effect when the benefits are used. Accumulated vacation liabilities at April 30, 2008 are determined on the basis of current salary rates and include salary related payments. Accumulated sick leave liabilities are not material.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

The village may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. There were no IRB's outstanding at year end.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the village’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is the portion of fund balance that is not available for the subsequent year’s budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

Fiduciary fund equity is classified as held in trust for pension benefits on the statement of fiduciary net assets. Various donor restrictions apply, including authorizing and spending trust income, and the village believes it is in compliance with all significant restrictions.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period, therefore, are not reported in the funds.” Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net assets.

Bonds and notes payable	\$ 7,172,500
Accrued interest	98,010
Compensated absences	782,818
Net pension obligation	2,511,128
Capital leases	13,754
Unamortized debt issue costs	(97,835)
Unamortized debt premium	<u>119,819</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 10,600,194</u>

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

A budget has been adopted for the general fund, special revenue funds, debt service fund, and capital projects funds and waterworks and sewerage fund.

The budgeted amounts presented include any amendments made. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council (board) action. There were no supplemental appropriations during the year.

Appropriations lapse at year end unless specifically carried over. There were \$102,542 in carryovers to the subsequent year. Budgets are adopted at the department level of expenditure.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Budgeted expenditures in the Tax Incremental Financing District No. 1 (including amendments) were \$72,000. Total expenditures were \$73,212. This results in excess expenditures of \$1,212.

Budgeted expenditures in the Debt Service fund (including amendments) were \$453,785. Total expenditures were \$835,662. This results in excess expenditures of \$381,877.

Budgeted expenditures in the Street fund (including amendments) were \$-0-. Total expenditures were \$14,142. This results in excess expenditures of \$14,142.

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of April 30, 2008, the following individual fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Title V Federal Grant	\$40,726	Expenditures exceeding revenues

The fund deficit is anticipated to be funded with a transfer from the general fund.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as cash and investments. In addition, investments are held separately by several of the city's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

The village's cash and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balances	Associated Risks
Demand deposits	\$ 5,189,832	\$ 5,183,500	Custodial
Money markets	7,671,354	7,921,553	Custodial
U.S. treasuries	4,454,733	4,454,733	Custodial, interest rate
U.S. agencies – implicitly guaranteed	23,049,685	23,049,685	Credit, custodial, concentration of credit risk, interest rate
U.S. agencies – explicitly guaranteed	300,396	300,396	Custodial, interest rate
State and local bonds	651,170	651,170	Credit, custodial, interest rate
Stocks	5,242,018	5,242,018	Custodial, concentration of credit risk
Mutual funds	6,255,149	6,255,149	Custodial, concentration of credit risk
Illinois funds money market funds	477,206	477,206	Credit, interest rate
Petty cash	1,950	-	Not applicable
Total Cash and Investments	\$ 53,293,493	\$ 53,535,410	
Reconciliation to financial statements			
Per statement of net assets			
Cash and investments	\$ 23,617,311		
Per statement of net assets – Fiduciary Funds			
Pension trust	29,675,914		
Agency	268		
Total Cash and Investments	\$ 53,293,493		

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts.

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

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

RBC's, Smith Barney, Mid-Atlantic, Northern, and TD Waterhouse's SIPC memberships provide account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Also, these financial institutions have purchased excess insurance to protect against losses.

The village maintains collateral agreements with its banks. At April 30, 2008, the banks had pledged various government securities in the amount of \$8,505,218 to secure the village's deposits.

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

As of April 30, 2008, \$1,594,774 of the village's total bank balances of \$13,105,052 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 491,855
Uninsured and collateral held by the pledging financial institution	1,102,919
Total	<u>\$ 1,594,774</u>

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of April 30, 2008, the village's investments were exposed to custodial credit risk as follows:

<u>U.S. Treasuries</u>	
Neither insured nor registered and held by counterparty	<u>\$ 1,176,873</u>
<u>U.S. Agencies – Implicitly Guaranteed</u>	
Neither insured nor registered and held by counterparty	<u>\$ 4,569,315</u>
<u>U.S. Agencies – Explicitly Guaranteed</u>	
Neither insured nor registered and held by counterparty	<u>\$ 12,921</u>
<u>State and Local Bonds</u>	
Neither insured nor registered and held by counterparty	<u>\$ 651,170</u>
<u>Equity Securities/Stocks</u>	
Neither insured nor registered and held by counterparty	<u>\$ 3,492,081</u>

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

As of April 30, 2008, the village's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
U.S. agencies – implicitly guaranteed	AAA	Aaa
State and local bonds	AAA, AA-	Aaa, Aa1, Aa2, Aa3, A1
Illinois funds money market funds	AAAm	Not rated

Concentration of Credit Risk

At April 30, 2008, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FNMA	U.S. agencies – implicitly guaranteed	9.39%
FHLB	U.S. agencies – implicitly guaranteed	12.34%
FHLMC	U.S. agencies – implicitly guaranteed	13.85%
FHLBC	U.S. agencies – implicitly guaranteed	13.85%

Interest Rate Risk

As of April 30, 2008, the village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 – 5	Over 5
U.S. Treasuries	\$ 4,454,733	\$ -	\$ 3,193,793	\$ 1,260,940
U.S. agencies – implicitly guaranteed	23,049,685	1,202,657	13,338,106	8,508,922
U.S. agencies – explicitly guaranteed	300,396	-	117	300,279
State and local bonds	651,170	25,030	177,708	448,432
Illinois Funds money market funds	477,206	477,206	-	-
Totals	\$ 28,933,190	\$ 1,704,893	\$ 16,709,724	\$ 10,518,573

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

All receivables are expected to be collected within one year.

Revenues of the village are reported net of uncollectible amounts. Total uncollectible amounts related to customer receivables in the general fund are \$175,009.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 10,762,382	\$ 10,762,382
Ambulance receivables	292,829	-	292,829
Receivable from developers	75,839	-	75,839
Interest receivable	55,617	-	55,617
Total Deferred/Unearned Revenue for Governmental Funds	\$ 424,285	\$ 10,762,382	\$ 11,186,667

C. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,727,533	\$ -	\$ -	\$ 2,727,533
Right-of-ways	11,586,311	-	-	11,586,311
Construction in progress	4,163,183	2,775,309	1,349,483	5,589,009
Total Capital Assets Not Being Depreciated	18,477,027	2,775,309	1,349,483	19,902,853
Capital assets being depreciated				
Buildings and improvements	6,244,325	-	-	6,244,325
Vehicles	3,255,735	225,338	403,011	3,078,062
Equipment	1,662,109	636,666	41,930	2,256,845
Roads	22,568,365	1,407,142	-	23,975,507
Storm sewers	22,884,153	2,460,143	-	25,344,296
Bridges	76,314	-	-	76,314
Retaining walls	52,633	-	-	52,633
Sidewalks	467,303	196,397	-	663,700
Total Capital Assets Being Depreciated	57,210,937	4,925,686	444,941	61,691,682

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Buildings and improvements	\$ (1,904,178)	\$ (124,887)	\$ -	\$ (2,029,065)
Vehicles	(2,181,725)	(278,450)	401,822	(2,058,353)
Equipment	(485,993)	(125,263)	6,289	(604,967)
Roads	(4,746,119)	(489,310)	-	(5,235,429)
Storm sewers	(3,036,764)	(394,676)	-	(3,431,440)
Bridges	(55,709)	(763)	-	(56,472)
Retaining walls	(13,685)	(526)	-	(14,211)
Sidewalks	(51,873)	(13,274)	-	(65,147)
Total Accumulated Depreciation	(12,476,046)	(1,427,149)	408,111	(13,495,084)
 Net Capital Assets Being Depreciated	 44,734,891	 3,498,537	 36,830	 48,196,598
 Governmental Activities Capital Assets, Net of Depreciation	 \$ 63,211,918			 \$ 68,099,451

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 55,576
Public safety	323,560
Public works, which includes the depreciation of roads, storm sewers, bridges, retaining walls and sidewalks	1,048,013
Total Governmental Activities Depreciation Expense	\$ 1,427,149

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 1,249,761	\$ -	\$ -	\$ 1,249,761
Construction in progress	452,254	1,525,669	219,761	1,758,162
Total Capital Assets Not Being Depreciated	1,702,015	1,525,669	219,761	3,007,923

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities (cont.)				
Capital assets being depreciated				
Water and wastewater treatment equipment	\$ 33,534,256	\$ -	\$ -	\$ 33,534,256
Water distribution and sewer collection	33,624,557	5,048,855	-	38,673,412
Vehicles	927,099	239,328	71,612	1,094,815
Other equipment	867,159	58,000	-	925,159
Total Capital Assets Being Depreciated	<u>68,953,071</u>	<u>5,346,183</u>	<u>71,612</u>	<u>74,227,642</u>
Less: Accumulated depreciation for				
Water and wastewater treatment equipment	(10,900,978)	(1,311,988)	-	(12,212,966)
Water distribution and sewer collection	(9,298,005)	(1,105,251)	-	(10,403,256)
Vehicles	(796,131)	(45,390)	71,612	(769,909)
Other equipment	(604,762)	(38,999)	-	(643,761)
Total Accumulated Depreciation	<u>(21,599,876)</u>	<u>(2,501,628)</u>	<u>71,612</u>	<u>(24,029,892)</u>
Business-Type Capital Assets, Net of Depreciation	<u>\$ 49,055,210</u>			<u>\$ 53,205,673</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Waterworks	\$ 1,029,452
Sewerage	1,029,452
Total Business-type Activities Depreciation Expense	<u>\$ 2,058,904</u>

Depreciation expense is different from additions because of joint metering, salvage, cost of removal, internal allocations, and costs associated with the disposal of assets.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Waterworks and Sewerage Utility	\$ 126,929
General	Title V Federal Grant	40,726
Waterworks and Sewerage Utility	Capital Improvement Program	<u>2,650,521</u>
Subtotal – Fund financial statements		2,818,176
Less: Fund eliminations		<u>(294,584)</u>
Total – Government-Wide Statement of Net Assets		<u>\$ 2,523,592</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 126,929
Business-type Activities	Governmental Activities	<u>(2,650,521)</u>
Total		<u>\$ (2,523,592)</u>

The principal purpose of these interfunds is to record amounts paid by the general fund on behalf of other funds. All amounts are expected to be collected within one year, except for the Title V Federal Grant Interfund.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service	Motor Fuel Tax	\$ 381,928	Share of debt payments
Less: Fund eliminations		<u>(381,928)</u>	
Total – Government-Wide Statement of Activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 7,690,000	\$ -	\$ 517,500	\$ 7,172,500	\$ 468,750
Add: Deferred amount for premiums	<u>129,199</u>	<u>-</u>	<u>9,380</u>	<u>119,819</u>	<u>9,380</u>
Total Bonds and Notes Payable	<u>7,819,199</u>	<u>-</u>	<u>526,880</u>	<u>7,292,319</u>	<u>478,130</u>
Other Liabilities					
Vested compensated absences	688,573	645,103	550,858	782,818	626,254
Net pension obligation	2,108,442	402,686	-	2,511,128	-
Capital leases	<u>48,081</u>	<u>-</u>	<u>34,327</u>	<u>13,754</u>	<u>12,686</u>
Total Other Liabilities	<u>2,845,096</u>	<u>1,047,789</u>	<u>585,185</u>	<u>3,307,700</u>	<u>638,940</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 10,664,295</u>	<u>\$ 1,047,789</u>	<u>\$ 1,112,065</u>	<u>\$ 10,600,019</u>	<u>\$ 1,117,070</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 6,080,000	\$ -	\$ 467,500	\$ 5,612,500	\$ 271,250
Add: Deferred amount for premiums	98,505	-	5,970	92,535	5,970
IEPA Loan	<u>15,334,223</u>	<u>-</u>	<u>759,069</u>	<u>14,575,154</u>	<u>778,433</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 21,512,728</u>	<u>\$ -</u>	<u>\$ 1,232,539</u>	<u>\$ 20,280,189</u>	<u>\$ 1,055,653</u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 4-30-08
2004 Bonds	10/27/04	12/30/15	2.5 – 4.00%	\$ 3,280,000	\$ 3,120,000
2006 Bonds	06/22/06	12/30/26	3.75 – 4.50%	10,000,000	<u>9,665,000</u>
Total General Obligation Debt					12,785,000
Less: Business-type activities general obligation debt					<u>(5,612,500)</u>
Total Governmental Activities General Obligation Debt					<u>\$ 7,172,500</u>

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

General obligation debt service requirements to maturity are as follows:

Fiscal Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2009	\$ 468,750	\$ 294,028	\$ 271,250	\$ 236,697
2010	483,750	278,672	281,250	227,266
2011	496,250	262,050	288,750	217,225
2012	515,000	243,756	300,000	206,194
2013	533,750	223,963	311,250	194,463
2014 – 2018	1,905,000	820,150	1,390,000	786,550
2019 – 2023	1,402,500	502,425	1,402,500	502,425
2024 – 2026	1,367,500	157,275	1,367,500	157,275
Totals	<u>\$ 7,172,500</u>	<u>\$ 2,782,319</u>	<u>\$ 5,612,500</u>	<u>\$ 2,528,095</u>

IEPA Loan

The village has a loan from the Illinois Environmental Protection Agency. Details are as follows:

	Date of Issue	Final Maturity	Interest Rate	Original Indebted- ness	Balance 4-30-08
IEPA Loan	1/16/04	7/16/23	2.535%	\$ 17,500,000	\$ 14,575,154

IEPA loan debt service requirements to maturity are as follows:

Fiscal Years	Business-type Activities Revenue Debt	
	Principal	Interest
2009	\$ 778,433	\$ 364,578
2010	798,292	344,720
2011	818,657	324,355
2012	839,541	303,470
2013	860,958	282,052
2014 – 2018	4,645,668	1,069,389
2019 – 2023	5,269,254	445,803
2024	564,351	7,153
Totals	<u>\$ 14,575,154</u>	<u>\$ 3,141,520</u>

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

Capital Leases

Refer to Note IV. F.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

In prior years, the village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the village's financial statements. At April 30, 2008, \$3,015,000 of bonds outstanding are considered defeased. The bonds are not callable.

F. LEASE DISCLOSURES

Lessee – Capital Leases

In 2004, the village acquired capital assets through a lease/purchase agreement. The lease was for police copiers. The gross amount of these assets under this capital lease is \$61,138. These assets are not capitalized as part of the government wide financial statements because the copiers are each individually below the village's capitalization threshold. The future principal and interest payments as of April 30, 2008, are as follows:

	Governmental Activities		
	Principal	Interest	Total
2009	\$ 12,686	\$ 154	\$ 12,840
2010	1,068	2	1,070
Totals	<u>\$ 13,754</u>	<u>\$ 156</u>	<u>\$ 13,910</u>

Lessee – Operating Leases

The village has no material operating leases with a remaining noncancellable term exceeding one year.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS
April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LEASE DISCLOSURES (cont.)

Lessor – Capital Leases

The village has no material outstanding sales-type or direct financing leases.

Lessor – Operating Leases

The village has three outstanding lease agreements for the rental of space on a village water tower. Each of the leases was entered into during fiscal year 2004. The terms of the leases are as follows:

Lease A – Twenty year lease with monthly rental payments beginning at \$1,400 in 2004 through \$2,455 in 2024.

Lease B – Five year lease with an option to extend for an additional 20 years and monthly rental payments beginning at \$1,900 in 2004 through \$3,862 in 2029.

Lease C – Twenty year lease with monthly rental payments of beginning at \$1,900 in 2004 through \$3,332 in 2024.

Lease D – Six year lease with monthly rental payments beginning at \$662 in 2006 through \$9,202 in 2011.

G. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at April 30, 2006 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Construction in progress	\$ 5,589,009
Land and right-of-ways	14,313,844
Other capital assets, net of accumulated depreciation	48,196,598
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(6,377,733)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 61,721,718</u>

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted

General debt service	\$ 621,610
Investment in IRMA	262,690
Motor fuel tax projects	2,230,257
Tax increment finance district No. 1	245,922
Tax increment finance district No. 2	<u>708,636</u>

Total Restricted \$ 4,069,115

Unrestricted \$ 4,978,269

Governmental fund balances reported on the fund financial statements at April 30, 2008 include the following:

Reserved

Major Funds

General Fund

Prepaid items	\$ 447,716
Investments in IRMA	262,690
Due from Title V Federal Grant	<u>40,726</u>

Total \$ 751,132

Non-Major Funds

Debt Service Fund

Reserved for debt service \$ 719,619

Unreserved, designated

General Fund

Carryforwards	\$ 102,542
Asset forfeiture	15,971
DUI fund	58,068
Driver's safety	<u>3,711</u>

Total \$ 180,292

Unreserved

Major Funds

General fund \$ 5,067,246

Motor fuel tax \$ 2,230,257

Capital improvement projects \$ 1,369,542

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unreserved (deficit)

Non-Major Funds

Special Revenue Funds

McNamee Memorial Park	\$ 7,789
Veterans' Memorial Garden	53,333
Special Service Area No. 1	3,877
Special Service Area No. 2	3,946
Special Service Area No. 3	13,732
Tax Increment Financing District No. 1	245,922
Tax Increment Financing District No. 2	708,636
Title V Federal Grant	(40,726)
Developer Activities	<u>353,503</u>

Total \$ 1,350,012

Capital Project Funds

Capital Improvement Public Works	\$ 929,834
Capital Improvement Fire	127,772
Street	<u>119,854</u>

Total \$ 1,177,460

Business-type Activities

Invested in capital assets, net of related debt

Capital assets	\$ 75,477,403
Construction in progress	1,758,162
Accumulated depreciation	<u>(24,029,892)</u>
Sub-Total	<u>53,205,673</u>

Unamortized debt discount and issuance costs	72,171
Unamortized debt premium	(92,535)
Current portion of IEPA loan	(778,433)
Current portion of general obligation bonds	(271,250)
IEPA loan	(13,796,721)
General obligation bonds	(5,341,250)
Restricted construction fund due from municipality	<u>2,650,521</u>
Sub-Total	<u>(17,557,497)</u>

Invested in Capital Assets, Net of Related Debt \$ 35,648,176

Unrestricted \$ 7,383,975

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

The village's 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 is an agent multiple employer pension plan that 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 by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Regular members and Sheriffs' Law Enforcement Personnel (SLEP) members participating in IMRF are required to contribute 4.5% and 7.5%, respectively, of their annual covered salary. The member rate is established by state statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 8.95% for regular members and 0.00% for SLEP members. The employer 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. The amortization period at December 31, 2007 was 25 years for regular members and 29 years for SLEP members.

For December 31, 2007, the employer's annual pension cost of \$463,383 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% per year attributable to inflation, (c) additional projected salary increased ranging from 0.4% to 10.0% per year 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. The assumptions used for the 2007 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 463,383	100%	\$ -
12/31/06	422,294	100%	-
12/31/05	378,036	100%	-
12/31/04	267,213	100%	-
12/31/03	118,749	100%	-

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Digest of Changes

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2007 were based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality Implemented.
- For regular members, fewer normal and early retirements are expected to occur.

Single-Employer Defined Benefit Pension Plans

Plan Descriptions

The Village of Carpentersville contributes to two single-employer defined benefit pension plans: the Police Pension Fund and the Fire Pension Fund. Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Chapter 40 of the Illinois Compiled Statute assigns the authority to establish and amend benefit provisions to the Board of Trustees of each retirement plan. These plans do not issue separate reports showing funding status relative to GASB standards.

Funding Policy and Annual Pension Cost

The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members and the village. The village's annual pension cost for the most recent actuarial valuation date and related information for each plan is as follows:

	Police Retirement Plan	Fire Retirement Plan
Contribution Rates:		
Village	23.51%	19.34%
Plan members	9.91%	9.45%
Annual pension cost	\$1,472,264	\$686,164
Contributions made	\$1,204,282	\$551,460
Actuarial valuation date	4/30/08	4/30/08
Actuarial cost method	Entry age	Entry age
Amortization method	Level Percentage of payroll	Level Percentage of payroll

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single-Employer Defined Benefit Pension Plans (cont.)

**Funding Policy and Annual Pension Cost
(cont.)**

	Police Retirement Plan	Fire Retirement Plan
Remaining amortization period	25 years	25 years
Asset valuation method	Market Value	Market Value
Actuarial Assumptions:		
Investment rate of return*	7%	7%
Projected salary increases*	5.5%	5.5%
*Includes inflation at	3%	3%
Cost-of-living adjustments	3% per year	3% per year

Three-Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Police Retirement Plan	4/30/08	\$ 1,472,264	81.8%	\$ 1,601,761
	4/30/06	1,182,830	86.5%	1,333,779
	4/30/04	845,328	96.0%	1,174,008
Fire Retirement Plan	4/30/08	\$ 686,164	80.4%	\$ 909,367
	4/30/06	592,417	71.1%	774,663
	4/30/04	426,863	61.6%	638,847

B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The village participates in a public entity risk pool called Intergovernmental Risk Management Association (IRMA) to provide coverage for losses from torts, theft of, damage to, or destruction of assets, errors and omission, and workers compensation. However, health care of its employees are accounted for and financed by the village in the general fund.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance

For health and dental claims, the uninsured risk of loss is \$25,000 per incident. Health and dental claims in excess of \$25,000 per incident, but under \$125,000 are covered under the IPBC risk pool. The village has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the village participate in the risk management program. Amounts payable to the general fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims. There is no reserve for catastrophic losses.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The village does not allocate overhead costs or other nonincremental costs to the claims liability.

Claims Liability

	<u>Current Year</u>	<u>Prior Year</u>
Unpaid claims – Beginning of Year	\$ 127,531	\$ -
Current year claims and changes in estimates	1,954,985	664,102
Claim payments	<u>(1,862,878)</u>	<u>(536,571)</u>
Unpaid Claims – End of Year	<u>\$ 219,638</u>	<u>\$ 127,531</u>

Public Entity Risk Pool

Intergovernmental Risk Management Agency

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

The village’s payments to IRMA are displayed on the financial statements as expenditures in the General Fund. Each member assumes the first \$1,000 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level. Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The village does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

VILLAGE OF CARPENTERSVILLE

NOTES TO FINANCIAL STATEMENTS

April 30, 2008

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Intergovernmental Risk Management Agency (cont.)

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

At April 30, 2008, the village has a deposit of \$262,690 representing the village's members' reserve with IRMA.

A copy of these financial statements can be obtained at the Intergovernmental Risk Management Agency, Suite 412, One Oakbrook Terrace, Oakbrook Terrace, Illinois 60181.

C. COMMITMENTS AND CONTINGENCIES

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Village Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

The village has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

D. SUBSEQUENT EVENTS

On September 18, 2008, the Village Board approved an increase in water and sewer rates effective for service as of October 1, 2008, which will be billed in January of 2009.

On September 9, 2008, the village issued general obligation bonds in the amount of \$10,000,000 with interest rates of 3.00%-4.50%. The amount will be used for capital improvement projects, street, water, and sewer improvements, and equipment.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARPENTERSVILLE

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

For the Year Ended April 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 17,218,066	\$ 17,232,749	\$ 17,619,632	\$ 386,883
Intergovernmental	1,752,794	1,752,794	1,804,465	51,671
Licenses and permits	1,412,270	1,429,370	1,298,635	(130,735)
Fines, forfeitures and penalties	587,000	587,000	576,710	(10,290)
Public charges for services	1,123,255	1,228,055	1,229,366	1,311
Investment income	429,000	648,730	331,483	(317,247)
Miscellaneous revenues	720,810	808,230	575,694	(232,536)
Total Revenues	<u>23,243,195</u>	<u>23,686,928</u>	<u>23,435,985</u>	<u>(250,943)</u>
EXPENDITURES				
Current				
General government	2,885,917	2,887,290	2,662,854	224,436
Public safety	13,478,371	13,650,771	13,823,810	(173,039)
Public works	4,054,284	4,179,284	4,734,071	(554,787)
Community development	2,290,333	2,288,433	2,046,670	241,763
Culture and recreation	142,632	142,632	133,628	9,004
Total Expenditures	<u>22,851,537</u>	<u>23,148,410</u>	<u>23,401,033</u>	<u>(252,623)</u>
Excess (deficiency) of revenues over expenditures	<u>391,658</u>	<u>538,518</u>	<u>34,952</u>	<u>(503,566)</u>
OTHER FINANCING SOURCES				
Sale of village property	-	3,000	28,280	25,280
Total Other Financing Sources	<u>-</u>	<u>3,000</u>	<u>28,280</u>	<u>25,280</u>
Net change in fund balance	391,658	541,518	63,232	(478,286)
FUND BALANCE - Beginning of Year	<u>5,935,438</u>	<u>5,935,438</u>	<u>5,935,438</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,327,096</u>	<u>\$ 6,476,956</u>	<u>\$ 5,998,670</u>	<u>\$ (478,286)</u>

See accompanying notes to required supplemental information.

VILLAGE OF CARPENTERSVILLE

DETAILED BUDGETARY COMPARISON SCHEDULE GENERAL FUND

For the Year Ended April 30, 2008

REVENUES AND OTHER FINANCING SOURCES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property taxes	\$ 6,585,500	\$ 6,583,534	\$ 6,583,534	\$ -
Sales and use	5,838,000	5,838,000	6,079,532	241,532
Utility tax	1,532,000	1,532,000	1,484,257	(47,743)
State income tax	3,100,000	3,100,000	3,258,589	158,589
Replacement tax	154,066	154,066	189,836	35,770
Foreign fire tax	-	13,500	12,235	(1,265)
Interest and penalties on taxes	8,500	11,649	11,649	-
TOTALS	17,218,066	17,232,749	17,619,632	386,883
INTERGOVERNMENTAL REVENUES				
State grants	3,600	3,600	2,860	(740)
State - transportation	899,194	899,194	891,605	(7,589)
Local - fire services	850,000	850,000	910,000	60,000
TOTALS	1,752,794	1,752,794	1,804,465	51,671
LICENSES AND PERMITS				
Business licenses	25,000	25,000	28,020	3,020
Liquor licenses	43,000	43,000	45,390	2,390
Vending licenses	11,000	11,000	11,065	65
Dog and cat licenses	2,600	2,600	2,564	(36)
Vehicle licenses	474,500	487,500	503,455	15,955
Cable franchise fees	250,000	250,000	267,497	17,497
Building permits	417,220	417,220	306,776	(110,444)
Electrical permits	60,000	60,000	44,163	(15,837)
Plumbing permits	55,000	55,000	33,526	(21,474)
Occupancy permits	2,000	-	-	-
Zoning permits	4,000	4,000	4,100	100
Other permits	67,950	74,050	52,079	(21,971)
TOTALS	1,412,270	1,429,370	1,298,635	(130,735)
FINES, FORFEITURES AND PENALTIES				
Circuit court fines	5,000	5,000	1,500	(3,500)
Local ordinance fines	582,000	582,000	575,210	(6,790)
TOTALS	587,000	587,000	576,710	(10,290)

See accompanying notes to required supplemental information.

VILLAGE OF CARPENTERSVILLE

DETAILED BUDGETARY COMPARISON SCHEDULE GENERAL FUND (cont.) For the Year Ended April 30, 2008

REVENUES AND OTHER FINANCING SOURCES (cont.)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
General government	\$ 159,390	\$ 174,090	\$ 121,472	\$ (52,618)
Law enforcement	249,965	340,065	355,335	15,270
Fire protection	13,000	13,000	10,503	(2,497)
Ambulance	351,700	351,700	338,383	(13,317)
Environmental surcharge	349,200	349,200	403,673	54,473
TOTALS	1,123,255	1,228,055	1,229,366	1,311
INVESTMENT INCOME				
Investment income	429,000	648,730	581,483	(67,247)
Loss on CD due to bank closure	-	-	(250,000)	(250,000)
TOTALS	429,000	648,730	331,483	(317,247)
MISCELLANEOUS REVENUES				
Rent	97,880	92,880	107,382	14,502
Donations	7,700	12,500	43,138	30,638
Other	615,230	702,850	425,174	(277,676)
TOTALS	720,810	808,230	575,694	(232,536)
OTHER FINANCING SOURCES				
Sale of village property	-	3,000	28,280	25,280
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 23,243,195	\$ 23,689,928	\$ 23,464,265	\$ (225,663)

See accompanying notes to required supplemental information.

VILLAGE OF CARPENTERSVILLE

DETAILED BUDGETARY COMPARISON SCHEDULE GENERAL FUND

For the Year Ended April 30, 2008

EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Legislative	\$ 315,562	\$ 311,035	\$ 313,200	\$ (2,165)
Administration	806,610	806,610	445,340	361,270
General services	1,389,380	1,389,380	1,462,892	(73,512)
Finance	117,086	118,986	82,825	36,161
Public buildings	257,279	261,279	266,490	(5,211)
Health insurance claims	-	-	92,107	(92,107)
TOTALS	2,885,917	2,887,290	2,662,854	224,436
PUBLIC SAFETY				
Police department	8,702,603	8,845,503	8,957,858	(112,355)
Fire and police commission	16,350	16,350	15,691	659
Fire department	4,759,418	4,788,918	4,850,261	(61,343)
TOTALS	13,478,371	13,650,771	13,823,810	(173,039)
PUBLIC WORKS				
Streets and related facilities	4,054,284	4,179,284	4,734,071	(554,787)
COMMUNITY DEVELOPMENT				
Planning and zoning	14,550	14,550	8,445	6,105
Community development	1,100,995	1,099,095	1,079,886	19,209
Engineering	1,174,788	1,174,788	958,339	216,449
TOTALS	2,290,333	2,288,433	2,046,670	241,763
CULTURE AND RECREATION				
Parks	142,632	142,632	133,628	9,004
TOTAL EXPENDITURES	\$22,851,537	\$23,148,410	\$23,401,033	\$ (252,623)

See accompanying notes to required supplementary information.

VILLAGE OF CARPENTERSVILLE

BUDGETARY COMPARISON SCHEDULE MOTOR FUEL TAX FUND For the Year Ended April 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 4,288,265	\$ 4,288,265	\$ 999,593	\$ (3,288,672)
Investment income	178,000	178,000	179,455	1,455
Miscellaneous	<u>750,634</u>	<u>750,634</u>	<u>352,115</u>	<u>(398,519)</u>
Total Revenues	<u>5,216,899</u>	<u>5,216,899</u>	<u>1,531,163</u>	<u>(3,685,736)</u>
EXPENDITURES				
Current				
Public works	260,000	260,000	362,880	(102,880)
Capital outlay	<u>4,283,033</u>	<u>4,283,033</u>	<u>1,331,813</u>	<u>2,951,220</u>
Total Expenditures	<u>4,543,033</u>	<u>4,543,033</u>	<u>1,694,693</u>	<u>2,848,340</u>
Excess (deficiency) of revenues over expenditures	<u>673,866</u>	<u>673,866</u>	<u>(163,530)</u>	<u>(837,396)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(381,928)</u>	<u>(381,928)</u>	<u>(381,928)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(381,928)</u>	<u>(381,928)</u>	<u>(381,928)</u>	<u>-</u>
Net change in fund balance	291,938	291,938	(545,458)	(837,396)
FUND BALANCE - Beginning of Year	<u>2,775,715</u>	<u>2,775,715</u>	<u>2,775,715</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,067,653</u>	<u>\$ 3,067,653</u>	<u>\$ 2,230,257</u>	<u>\$ (837,396)</u>

See accompanying notes to required supplemental information.

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF FUNDING PROGRESS – IMRF

April 30, 2008

ILLINOIS MUNICIPAL RETIREMENT FUND Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded (Overfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 10,585,573	\$ 10,942,486	\$ 356,913	96.74%	\$ 5,177,467	6.89%
12/31/06	9,308,557	9,730,789	422,232	95.66%	4,804,257	8.79%
12/31/05	9,312,726	9,702,651	389,925	95.98%	4,713,817	8.27%
12/31/04	8,545,360	8,647,464	102,104	98.82%	3,909,476	2.61%
12/31/03	8,151,786	8,004,749	(147,037)	101.84%	3,669,451	0.00%
12/31/02	7,656,649	6,922,037	(734,612)	110.61%	3,260,803	0.00%
12/31/01	7,826,048	6,180,293	(1,645,755)	126.63%	2,960,287	0.00%
12/31/00	7,392,183	5,518,356	(1,873,827)	133.96%	2,830,259	0.00%

POLICE AND FIRE RETIREMENT PLANS Schedules of Funding Progress

Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
4/30/08	\$ 19,786,786	\$ 38,418,744	\$ 18,631,958	51.5%	\$5,122,002	363.8%
4/30/06	16,198,495	32,542,047	16,343,552	49.8%	4,421,974	369.6%
4/30/04	13,307,742	26,431,075	13,123,353	50.3%	3,550,228	369.6%

Fire Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
4/30/08	\$ 10,025,463	\$ 13,133,495	\$ 3,108,032	76.3%	\$ 2,851,584	105.0%
4/30/06	7,738,371	11,044,024	3,305,653	70.1%	2,507,146	131.8%
4/30/04	6,046,713	8,308,341	2,261,628	72.8%	2,154,190	105.0%

VILLAGE OF CARPENTERSVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION April 30, 2008

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures and other financing uses over appropriations were as follows:

	<u>Amended Budget</u>	<u>Expenditures and Other Financing Uses</u>	<u>Excess</u>
<u>General Fund</u>			
Public safety	\$ 13,650,771	\$ 13,823,810	\$ 173,039
Public works	4,179,284	4,734,071	554,787

S U P P L E M E N T A R Y I N F O R M A T I O N

VILLAGE OF CARPENTERSVILLE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2008

	Special Revenue								
	McNamee Memorial Park	Veterans' Memorial Garden	Special Service Area No. 1	Special Service Area No. 2	Special Service Area No. 3	Tax Increment Financing District No. 1	Tax Increment Financing District No. 2	Title V Federal Grant	Developer Activities
\$ 7,789	\$ 53,333	\$ 4,051	\$ 3,946	\$ 13,732	\$ 249,664	\$ 697,224	\$ -	\$ 1,193,377	
-	-	8,500	1,100	9,250	267,895	157,029	-	-	
-	-	-	-	-	-	-	-	-	2,837
-	-	-	-	-	-	22,156	-	-	-
<u>\$ 7,789</u>	<u>\$ 53,333</u>	<u>\$ 12,551</u>	<u>\$ 5,046</u>	<u>\$ 22,982</u>	<u>\$ 517,559</u>	<u>\$ 876,409</u>	<u>\$ -</u>	<u>\$ 1,196,214</u>	

ASSETS

Cash and investments
Property taxes receivable
Accounts receivable
Interest receivable

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

Liabilities

\$ -	\$ -	\$ 174	\$ -	\$ -	\$ 3,742	\$ 225	\$ -	\$ 173,650
-	-	-	-	-	-	-	-	669,061
-	-	-	-	-	-	-	40,726	-
-	-	8,500	1,100	9,250	267,895	167,548	-	-
-	-	8,674	1,100	9,250	271,637	167,773	40,726	842,711

Fund Balances

Reserved
Unreserved - undesignated (deficit)
Total Fund Balance (Deficit)

TOTAL LIABILITIES AND FUND BALANCES

-	-	-	-	-	-	-	-	-
7,789	53,333	3,877	3,946	13,732	245,922	708,636	(40,726)	353,503
<u>7,789</u>	<u>53,333</u>	<u>3,877</u>	<u>3,946</u>	<u>13,732</u>	<u>245,922</u>	<u>708,636</u>	<u>(40,726)</u>	<u>353,503</u>
<u>\$ 7,789</u>	<u>\$ 53,333</u>	<u>\$ 12,551</u>	<u>\$ 5,046</u>	<u>\$ 22,982</u>	<u>\$ 517,559</u>	<u>\$ 876,409</u>	<u>\$ -</u>	<u>\$ 1,196,214</u>

VILLAGE OF CARPENTERSVILLE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (cont.)
April 30, 2008

	Debt Service	Capital Project			Total Nonmajor Funds
		Capital Improvements Public Works	Capital Improvements Fire	Street	
ASSETS					
Cash and investments	\$ 719,619	\$ 929,834	\$ 127,772	\$ 807,575	\$ 4,807,916
Property taxes receivable	380,532	-	-	-	824,306
Accounts receivable	-	-	-	-	2,837
Interest receivable	-	-	-	-	22,156
TOTAL ASSETS	\$ 1,100,151	\$ 929,834	\$ 127,772	\$ 807,575	\$ 5,657,215
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 687,721	\$ 865,512
Deposits	-	-	-	-	669,061
Due to other funds	-	-	-	-	40,726
Deferred revenues	380,532	-	-	-	834,825
Total Liabilities	380,532	-	-	687,721	2,410,124
Fund Balances					
Reserved	719,619	-	-	-	719,619
Unreserved - undesignated (deficit)	-	929,834	127,772	119,854	2,527,472
Total Fund Balance (Deficit)	719,619	929,834	127,772	119,854	3,247,091
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,100,151	\$ 929,834	\$ 127,772	\$ 807,575	\$ 5,657,215

VILLAGE OF CARPENTERSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2008

	Special Revenue								
	McNamee Memorial Park	Veterans' Memorial Garden	Special Service Area No. 1	Special Service Area No. 2	Special Service Area No. 3	Tax Increment Financing District No. 1	Tax Increment Financing District No. 2	Title V Federal Grant	Developer Activities
REVENUES									
Taxes	-	-	4,499	1,095	8,214	260,478	149,865	-	-
Public charges for services	-	-	-	-	-	-	-	-	41,000
Investment income	-	-	9	-	15	7,580	31,136	-	-
Miscellaneous income	-	900	-	-	-	-	-	-	-
Total Revenues	-	900	4,508	1,095	8,229	268,058	181,001	-	41,000
EXPENDITURES									
Current									
Public works	-	-	11,253	600	4,925	73,212	3,185	-	-
Culture and recreation	-	360	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	8,605
Debt Service	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total Expenditures	-	360	11,253	600	4,925	73,212	3,185	-	8,605
Excess (deficiency) of revenues over expenditures	-	540	(6,745)	495	3,304	194,846	177,816	-	32,395
OTHER FINANCING SOURCES									
Transfers in	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	540	(6,745)	495	3,304	194,846	177,816	-	32,395
FUND BALANCES (DEFICIT) - Beginning of Year	7,789	52,793	10,622	3,451	10,428	51,076	530,820	(40,726)	321,108
FUND BALANCES (DEFICIT) - END OF YEAR	7,789	53,333	3,877	3,946	13,732	245,922	708,636	(40,726)	353,503

VILLAGE OF CARPENTERSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended April 30, 2008

	Debt Service	Capital Projects				Totals
		Improvements Public Works	Improvements Fire	Street	Capital	
REVENUES						
Taxes	\$ 457,212	\$ -	\$ -	\$ -	\$ -	\$ 881,363
Public charges for services	-	-	-	-	-	41,000
Investment income	837	-	-	-	-	39,577
Miscellaneous income	-	-	-	-	-	900
Total Revenues	458,049	-	-	-	-	962,840
EXPENDITURES						
Current						
Public works	-	-	-	14,142	-	107,317
Culture and recreation	-	-	-	-	-	360
Capital Outlay	-	-	-	-	-	8,605
Debt Service	517,500	-	-	-	-	517,500
Principal retirement	318,162	-	-	-	-	318,162
Interest and fiscal charges	835,662	-	-	14,142	-	951,944
Total Expenditures	(377,613)	-	-	(14,142)	-	10,896
Excess (deficiency) of revenues over expenditures	381,928	-	-	-	-	381,928
OTHER FINANCING SOURCES (USES)	381,928	-	-	-	-	381,928
Transfers in	4,315	-	-	(14,142)	-	392,824
Total Other Financing Sources (Uses)	715,304	929,834	127,772	133,996	2,854,267	
Net change in fund balances	719,619	929,834	127,772	119,854	3,247,091	
FUND BALANCES (DEFICIT) - Beginning of Year						
FUND BALANCES (DEFICIT) - END OF YEAR						

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
 ACTUAL AND BUDGET - ENTERPRISE FUND
 WATERWORKS AND SEWERAGE FUND
 For the Year Ended April 30, 2008

	Actual	Budget
OPERATING REVENUES		
Water user charges	\$ 2,028,647	\$ 2,258,260
Sewer user charges	2,318,995	2,732,505
Water connection fees	188,323	478,000
Sewer connection fees	188,405	528,000
Water availability charge	144,210	142,613
Sewer availability charge	324,976	328,178
Meter sales	16,260	33,594
Services fees and penalties	160,179	365,821
Miscellaneous	25,772	17,590
Total Operating Revenues	5,395,767	6,884,561
OPERATING EXPENSES		
Water department	2,382,175	2,484,150
Sewer department	2,404,316	2,764,475
Depreciation	2,058,904	-
Total Operating Expenses	6,845,395	5,248,625
Operating Income (Loss)	(1,449,628)	1,635,936
NONOPERATING REVENUE (EXPENSES)		
Investment income	466,410	227,208
Interest expense	(629,400)	(640,581)
Amortization of debt issuance cost and bond premium	1,158	-
Miscellaneous revenue	1,386	206
Miscellaneous expense	(431)	-
Total Nonoperating Revenue (Expenses)	(160,877)	(413,167)
Income (Loss) Before Capital Contributions	(1,610,505)	1,222,769
CAPITAL CONTRIBUTIONS	4,386,370	-
CHANGE IN NET ASSETS	2,775,865	1,222,769
TOTAL NET ASSETS - Beginning of Year	40,256,286	40,256,286
TOTAL NET ASSETS - END OF YEAR	\$ 43,032,151	\$ 41,479,055

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF EXPENSES - BUDGET TO ACTUAL ENTERPRISE FUND WATERWORKS AND SEWERAGE FUND For the Year Ended April 30, 2008

	Actual	Budget
WATER DEPARTMENT		
Water facilities		
Personnel services:		
Employee salaries	\$ 441,159	\$ 432,963
Employee overtime	31,740	29,000
FICA/Medicare/IMRF	85,830	78,970
Health insurance	59,496	69,532
Longevity	3,092	3,027
Sick leave incentive	1,003	2,005
Uniform allowance	2,100	2,450
Total Personnel Services	624,420	617,947
Contractual services:		
Dues and publications	846	800
Training and meeting	4,698	5,000
Other service	19,130	16,000
Liability insurance	79,569	64,342
Building grounds	2,537	4,000
Maintenance equipment	62,788	71,000
Vehicles	3,566	4,000
Electric	264,268	256,000
Heating	13,820	11,000
Telephone data	3,193	3,500
Water softener salt	160,741	161,000
Water well	41,331	42,000
Water alarm	991	800
Total Contractual Services	657,478	639,442
Commodities:		
Building	6,041	6,000
Maintenance materials	4,653	4,500
Automotive	3,099	2,500
Tools and equipment	5,569	5,000
Gas and oil	18,199	20,000
Office	1,397	1,500
Operating	13,225	8,000
Meters	20,114	41,040
Chemicals	25,430	27,860
Total Commodities	97,727	116,400
Capital outlay - miscellaneous capital	-	30,000
Total Water Facilities	1,379,625	1,403,789

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF EXPENSES - BUDGET TO ACTUAL
 ENTERPRISE FUND
 WATERWORKS AND SEWERAGE FUND (cont.)
 For the Year Ended April 30, 2008

	Actual	Budget
Water underground		
Personnel services:		
Employee salaries	\$ 289,020	\$ 290,781
Employee overtime	19,056	18,000
FICA/Medicare/IMRF	50,845	51,921
Insurance	53,253	55,846
Longevity	1,660	1,680
Sick leave incentive	1,500	2,000
Uniform allowance	1,925	1,925
Total Personnel Services	417,259	422,153
Contractual services:		
Dues and publications	160	300
Printing	499	400
Training and meeting	1,206	1,200
Other service	1,865	3,250
Building grounds	1,177	1,500
Equipment maintenance	163,302	168,000
Office equipment	-	200
Vehicles	5,101	5,500
Telephone data	1,626	1,600
Total Contractual Services	174,936	181,950
Commodities:		
Building	759	1,000
Street	6,001	7,000
Maintenance materials	11,202	12,500
Automotive	2,153	2,000
Tools and equipment	3,324	3,500
Gas and oil	16,216	17,400
Office	327	400
Operating	3,056	3,700
Hydrants	16,220	16,000
Pipes and valves	23,594	21,000
Total Commodities	82,852	84,500
Total Water Underground	675,047	688,603

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF EXPENSES - BUDGET TO ACTUAL
 ENTERPRISE FUND
 WATERWORKS AND SEWERAGE FUND (cont.)
 For the Year Ended April 30, 2008

	Actual	Budget
Water Administrative and General		
Personnel services:		
Employee salaries	\$ 101,566	\$ 110,955
Employee overtime	-	125
Part-time and seasonal wages	3,258	5,542
FICA/Medicare/IMRF	16,819	19,424
Insurance	11,655	20,059
Longevity	625	650
Sick leave incentive	374	500
Total Personnel Services	134,297	157,255
Contractual services:		
Accounting Services	8,978	6,000
Dues and publications	498	509
Printing	1,891	3,500
Training and meeting	2,674	6,668
Postage and mailing	8,859	9,000
Other service	40	50
Office	3,326	4,347
Office equipment	6,741	6,836
Tools and equipment	5,190	5,295
Telephone data	815	928
Total Contractual Services	39,012	43,133
Administrative and general overhead	153,243	153,243
Contingency	951	38,127
Total Water Administrative and General	327,503	391,758
TOTAL WATER DEPARTMENT	2,382,175	2,484,150

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF EXPENSES - BUDGET TO ACTUAL ENTERPRISE FUND WATERWORKS AND SEWERAGE FUND (cont.) For the Year Ended April 30, 2008

	Actual	Budget
SEWER DEPARTMENT		
Sewer facilities		
Personnel services:		
Employee salaries	\$ 502,737	\$ 488,878
Employee overtime	35,530	28,000
FICA/Medicare/IMRF	95,253	86,800
Health insurance	95,719	101,755
Longevity	2,444	2,487
Sick leave incentive	1,498	3,005
Uniform allowance	2,800	2,800
Total Personnel Services	735,981	713,725
Contractual services:		
Dues and publications	403	400
Printing	135	1,000
Training and meeting	4,537	4,000
Other service	26,566	28,000
Liability insurance	92,726	81,889
Building grounds	9,642	12,900
Maintenance equipment	125,514	191,500
Vehicles	12,490	13,000
Electric	232,333	237,000
Heating	14,701	20,000
Telephone data	7,100	6,000
Sludge disposal	118,517	120,000
Testing	6,324	12,500
Rentals	-	300
Total Contractual Services	650,988	728,489
Commodities:		
Building	2,771	3,000
Maintenance materials	3,129	3,200
Lift station	5,542	8,000
Automotive	1,170	1,000
Tools and equipment	14,499	14,000
Gas and oil	8,495	10,500
Office	1,249	1,200
Operating	6,496	6,000
Chemicals	45,346	44,000
Total Commodities	88,697	90,900
Capital outlay - miscellaneous capital	5,376	-
Total Sewer Facilities	1,481,042	1,533,114

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF EXPENSES - BUDGET TO ACTUAL
 ENTERPRISE FUND
 WATERWORKS AND SEWERAGE FUND (cont.)
 For the Year Ended April 30, 2008

	Actual	Budget
Sewer underground		
Personnel services:		
Employee salaries	\$ 288,428	\$ 290,781
Employee overtime	19,057	18,000
FICA/Medicare/IMRF	49,664	51,921
Health insurance	53,253	55,846
Longevity	1,660	6,180
Sick leave incentive	1,500	2,000
Uniform allowance	1,925	1,925
Total Personnel Services	415,487	426,653
Contractual services:		
Dues and publications	312	300
Printing	499	400
Training and meeting	1,220	1,200
Other service	2,016	3,250
Building grounds	1,686	1,500
Office equipment	-	200
Vehicles	9,827	6,000
Telephone data	1,646	1,600
Total Contractual Services	17,206	14,450
Commodities:		
Building	1,184	1,000
Street	7,012	7,000
Maintenance materials	11,253	12,500
Sanitary maintenance	7,949	8,000
Automotive	3,363	2,000
Tools and equipment	3,363	3,500
Gas and oil	16,204	17,400
Office equipment	385	400
Operating	3,813	3,700
Total Commodities	54,526	55,500
Capital outlay - miscellaneous capital	108,552	343,000
Total Sewer Underground	595,771	839,603

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF EXPENSES - BUDGET TO ACTUAL
 ENTERPRISE FUND
 WATERWORKS AND SEWERAGE FUND (cont.)
 For the Year Ended April 30, 2007

	Actual	Budget
Sewer Administrative and General		
Personnel services:		
Employee salaries	\$ 101,566	\$ 110,955
Employee overtime	-	125
Part-time and seasonal wages	3,258	5,542
FICA/Medicare/IMRF	16,819	19,424
Insurance	11,655	20,059
Longevity	625	650
Sick leave incentive	374	500
Total Personnel Services	134,297	157,255
Contractual services:		
Accounting services	8,978	6,000
Dues and publications	498	509
Printing	1,891	3,500
Training and meeting	2,676	6,669
Postage and mailing	8,859	9,000
Other service	40	50
Office	3,326	4,347
Office equipment	6,741	6,836
Tools and equipment	5,190	5,295
Telephone data	813	927
Total Contractual Services	39,012	43,133
Contingency	951	38,127
Administrative and general overhead	153,243	153,243
Total Sewer Administrative and General	327,503	391,758
TOTAL SEWER DEPARTMENT	2,404,316	2,764,475
TOTAL OPERATING EXPENSES, EXCLUDING AMORTIZATION AND DEPRECIATION	\$ 4,786,491	\$ 5,248,625

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS

April 30, 2008

	Pension Trust Funds		
	Police Pension Trust	Firefighters' Pension Trust	Total Pension Trust Funds
ASSETS			
Cash and investments			
Deposits	\$ 31,006	\$ 1,869	\$ 32,875
Money markets	728,042	131,208	859,250
U.S. treasuries	3,277,860	1,176,873	4,454,733
U.S. agencies - implicit	7,311,008	4,569,315	11,880,323
U.S. agencies - explicit	287,475	12,921	300,396
Stock	5,242,018	-	5,242,018
State and local bonds	-	651,170	651,170
Mutual funds	2,796,891	3,458,258	6,255,149
Accrued interest	108,326	82,214	190,540
Due from other taxing units	-	1,128	1,128
Prepaid items	12,593	433	13,026
Total Assets	<u>19,795,219</u>	<u>10,085,389</u>	<u>29,880,608</u>
LIABILITIES			
Accounts payable	8,432	10,077	18,509
Deferred revenues	55,681	24,566	80,247
Total Liabilities	<u>64,113</u>	<u>34,643</u>	<u>98,756</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 19,731,106</u>	<u>\$ 10,050,746</u>	<u>\$ 29,781,852</u>

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS For the Year Ended April 30, 2008

	Police Pension Trust	Firefighters' Pension Trust	Total
ADDITIONS			
Contributions			
Employer	\$ 1,204,282	\$ 551,460	\$ 1,755,742
Participants	533,353	290,134	823,487
Total contributions	<u>1,737,635</u>	<u>841,594</u>	<u>2,579,229</u>
Net investment income			
Investment income	891,626	463,279	1,354,905
Less: investment expense	<u>(109,805)</u>	<u>(33,994)</u>	<u>(143,799)</u>
Net investment income	<u>781,821</u>	<u>429,285</u>	<u>1,211,106</u>
Total Additions	<u>2,519,456</u>	<u>1,270,879</u>	<u>3,790,335</u>
DEDUCTIONS			
Benefits and refunds	1,039,908	173,571	1,213,479
Other contractual	<u>38,589</u>	<u>133,133</u>	<u>171,722</u>
Total Deductions	<u>1,078,497</u>	<u>306,704</u>	<u>1,385,201</u>
CHANGE IN NET ASSETS	1,440,959	964,175	2,405,134
NET ASSETS - Beginning of Year	<u>18,290,147</u>	<u>9,086,571</u>	<u>27,376,718</u>
NET ASSETS - END OF YEAR	<u>\$ 19,731,106</u>	<u>\$ 10,050,746</u>	<u>\$ 29,781,852</u>

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF FIDUCIARY NET ASSETS AGENCY FUNDS

April 30, 2008

	Agency Funds		Total Agency Funds
	Special Service Areas No. 10 & 11	Special Service Area No. 18	
ASSETS			
Cash and investments	\$ 268	\$ -	\$ 268
Amounts due from others	-	5,199	5,199
TOTAL ASSETS	<u>\$ 268</u>	<u>\$ 5,199</u>	<u>\$ 5,467</u>
LIABILITIES			
Accounts payable	\$ -	\$ 5,199	\$ 5,199
Amounts held for others	268	-	268
TOTAL LIABILITIES	<u>\$ 268</u>	<u>\$ 5,199</u>	<u>\$ 5,467</u>

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF GENERAL OBLIGATION LONG-TERM DEBT PRINCIPAL PAYMENTS April 30, 2008

<u>Year</u>	<u>Totals</u>	<u>2006 G.O. Bonds</u>	<u>2004 G.O. Refunding Bonds</u>
2009	\$ 740,000	\$ 345,000	\$ 395,000
2010	765,000	360,000	405,000
2011	785,000	370,000	415,000
2012	815,000	385,000	430,000
2013	845,000	400,000	445,000
2014	885,000	420,000	465,000
2015	915,000	435,000	480,000
2016	535,000	450,000	85,000
2017	470,000	470,000	-
2018	490,000	490,000	-
2019	515,000	515,000	-
2020	535,000	535,000	-
2021	560,000	560,000	-
2022	585,000	585,000	-
2023	610,000	610,000	-
2024	640,000	640,000	-
2025	665,000	665,000	-
2026	700,000	700,000	-
2027	730,000	730,000	-
TOTALS	\$ 12,785,000	\$ 9,665,000	\$ 3,120,000

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF GENERAL OBLIGATION LONG-TERM DEBT INTEREST PAYMENTS April 30, 2008

<u>Year</u>	<u>Totals</u>	<u>2006 G.O. Bonds</u>	<u>2004 G.O. Refunding Bonds</u>
2009	\$ 530,725	\$ 416,063	\$ 114,662
2010	505,937	403,125	102,812
2011	479,275	389,625	89,650
2012	449,949	374,825	75,124
2013	418,425	359,425	59,000
2014	384,625	343,425	41,200
2015	349,225	326,625	22,600
2016	312,625	309,225	3,400
2017	290,100	290,100	-
2018	270,125	270,125	-
2019	249,300	249,300	-
2020	226,125	226,125	-
2021	202,050	202,050	-
2022	176,850	176,850	-
2023	150,525	150,525	-
2024	123,075	123,075	-
2025	94,275	94,275	-
2026	64,350	64,350	-
2027	32,850	32,850	-
TOTALS	\$ 5,310,411	\$ 4,801,963	\$ 508,448

VILLAGE OF CARPENTERSVILLE

SCHEDULE OF INSURANCE IN FORCE April 30, 2008

Name of Agency	Type of Coverage	Amount of Coverage
Intergovernmental Risk Management Agency	Workers' compensation	\$101,000,000 each occurrence
	Public officials' liability	\$10,000,000 each occurrence
	Boiler and machinery	\$50,000,000 each occurrence
	Automotive liability	\$10,000,000 each occurrence
	Comprehensive general liability	\$10,000,000 each occurrence
	Public officials' bonds	In accordance with statutory limits \$5,000,000 each occurrence (Non-faithful Performance)
	Crime and fidelity	\$2,500,000
	Police professional liability	\$10,000,000 each occurrence
	Employee benefits liability	\$10,000,000 each occurrence
	First party property	\$250,000,000 each occurrence
	Employer's liability*	\$1,000,000 each occurrence

*Employers liability is part of Worker's Compensation policy, not separate coverage.

STATISTICAL INFORMATION

VILLAGE OF CARPENTERSVILLE

GENERAL GOVERNMENTAL REVENUES BY SOURCE Last Ten Fiscal Years

Fiscal Year Ending	Taxes	Licenses and Permits	Inter- governmental	Charges for Services	Fines and Forfeitures	Investment Income	Miscellaneous	Total
2008	\$ 18,500,995	\$ 1,298,635	\$ 2,804,058	\$ 1,279,666	\$ 576,710	\$ 746,955	\$ 928,709	\$ 26,135,728
2007	17,001,535	1,431,063	2,894,935	923,091	625,312	1,153,262	1,062,846	25,092,044
2006	15,146,137	1,649,660	2,874,680	918,254	590,289	533,325	1,360,858	23,073,203
2005	13,188,973	1,064,344	2,920,592	608,832	524,840	320,418	569,439	19,197,438
2004	12,624,206	1,263,598	2,502,203	564,471	476,904	218,594	704,698	18,354,674
2003	13,058,216	871,469	1,877,677	426,953	558,875	252,544	728,684	17,774,418
2002	11,969,038	902,943	1,608,748	220,791	249,908	554,504	1,075,504	16,581,436
2001	11,278,101	893,761	1,631,280	20,180	236,014	1,069,234	897,352	16,025,922
2000	10,593,669	796,668	1,652,883	56,550	244,516	559,736	411,249	14,315,271
1999	9,919,154	932,415	1,015,793	-	-	490,142	420,525	12,778,029

Data Source
Village records

Note: Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

VILLAGE OF CARPENTERSVILLE

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION Last Ten Fiscal Years

Fiscal Year Ending	General Government	Public Safety	Public Works	Culture and Recreation	Community Development	Capital Outlay	Debt Service	Total
2008	\$ 2,662,854	\$ 13,823,810	\$ 5,204,268	\$ 133,988	\$ 2,046,670	\$ 4,386,193	\$ 835,662	\$ 29,093,445
2007	4,330,705	12,656,119	4,557,505	52,355	1,758,962	2,450,666	641,752	26,448,064
2006	2,574,853	11,754,612	3,871,134	42,066	2,012,761	1,647,736	458,441	22,361,603
2005	3,057,494	10,896,197	3,892,027	49,393	1,708,717	2,333,271	527,076	22,464,175
2004	5,080,516	8,908,119	1,562,312	41,690	1,782,913	310,666	531,735	18,217,951
2003	5,740,673	8,620,122	1,306,991	43,973	671,659	3,674,088	1,188,754	21,246,260
2002	4,142,886	8,789,503	1,267,809	16,663	658,354	1,520,922	1,035,481	17,431,618
2001	3,450,432	8,600,837	1,505,589	43,777	603,680	2,267,625	550,908	17,022,848
2000	3,337,697	8,001,714	1,369,238	25,451	93	1,822,582	310,132	14,866,907
1999	3,187,069	6,162,391	1,293,549	34,893	-	-	382,952	11,060,854

Data Source
Village records

Note: Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

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VILLAGE OF CARPENTERSVILLE

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2007

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts."

To date, the General Assembly has set no limits for home rule municipalities.

VILLAGE OF CARPENTERSVILLE

PROPERTY, TAX, ASSESSED VALUATION, RATES AND EXTENSIONS Last Ten Fiscal Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assessed valuation	<u>\$ 684,585,356</u>	<u>\$ 649,170,432</u>	<u>\$ 599,930,235</u>	<u>\$ 558,876,762</u>
Tax rates*:				
General	0.9677	0.9813	1.0131	0.9173
Liability Insurance	-	-	-	-
Illinois Municipal				
Retirement Fund	-	-	-	-
Police protection	-	-	-	-
Bond and interest	0.0556	0.0699	0.0353	0.0275
Police pension	0.2104	0.1853	0.1920	0.1848
Fire pension	0.0975	0.0848	0.0959	0.0825
Fire protection	-	-	-	-
TOTALS	<u>1.3313</u>	<u>1.3213</u>	<u>1.3364</u>	<u>1.2121</u>
Tax extensions:				
General	6,624,980	6,370,500	6,077,941	5,079,763
Liability Insurance	-	-	-	-
Illinois Municipal				
Retirement Fund	-	-	-	-
Police protection	-	-	-	-
Bond and interest	380,532	453,485	211,957	152,288
Police pension	1,440,623	1,203,088	1,151,770	1,023,279
Fire pension	667,787	550,817	575,516	457,043
Fire protection	-	-	-	-
TOTALS	<u>\$ 9,113,922</u>	<u>\$ 8,577,890</u>	<u>\$ 8,017,184</u>	<u>\$ 6,712,373</u>
Township road and bridge	<u>\$ 204,687</u>	<u>\$ 218,621</u>	<u>\$ 211,786</u>	<u>\$ 194,877</u>
Collections		<u>\$ 8,578,111</u>	<u>\$ 8,178,923</u>	<u>\$ 7,053,727</u>
Percentage of extensions collected		<u>100.00%</u>	<u>102.02%</u>	<u>105.09%</u>

*Property tax rates are per \$100 of assessed valuation.

Data Source

Office of the Kane County Clerk

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<u>\$ 488,672,267</u>	<u>\$ 421,752,394</u>	<u>\$ 371,565,551</u>	<u>\$ 324,858,158</u>	<u>\$ 300,545,477</u>	<u>\$ 279,617,193</u>
0.9049	0.9531	1.0003	1.1535	1.1305	1.1895
-	-	-	-	-	-
-	-	-	-	-	-
-	0.1111	-	-	-	0.1117
0.0634	0.0717	0.0873	0.0967	0.1095	-
0.1884	0.1927	-	-	-	-
0.0846	0.0624	0.0141	-	-	-
-	-	-	-	-	-
<u>1.2413</u>	<u>1.3910</u>	<u>1.1017</u>	<u>1.2502</u>	<u>1.2400</u>	<u>1.3012</u>
4,421,995	4,019,722	3,716,770	3,747,239	3,397,670	3,326,046
-	-	-	-	-	-
-	-	-	-	-	-
-	-	412,809	-	-	-
309,818	302,397	324,377	314,138	329,097	312,332
920,658	812,717	-	-	-	-
413,417	263,173	52,391	-	-	-
-	-	-	-	-	-
<u>\$ 6,065,888</u>	<u>\$ 5,398,009</u>	<u>\$ 4,506,347</u>	<u>\$ 4,061,377</u>	<u>\$ 3,726,767</u>	<u>\$ 3,638,378</u>
<u>\$ 194,877</u>	<u>\$ 153,729</u>	<u>\$ 142,346</u>	<u>\$ 132,542</u>	<u>\$ 124,877</u>	<u>\$ 117,439</u>
<u>\$ 6,213,459</u>	<u>\$ 5,544,854</u>	<u>\$ 4,495,019</u>	<u>\$ 4,193,462</u>	<u>\$ 3,855,173</u>	<u>\$ 3,754,000</u>
<u>102.43%</u>	<u>100.12%</u>	<u>96.69%</u>	<u>99.99%</u>	<u>100.09%</u>	<u>99.95%</u>

VILLAGE OF CARPENTERSVILLE

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES Last Ten Fiscal Years

Fiscal Year	Debt Service			General Expenditures	
	Principal	Interest	Total	Total (1)	Debt Service Ratio
1999	265,000	116,992	381,992	11,355,011	3.36%
2000	205,000	104,252	309,252	14,948,292	2.07%
2001	230,000	280,396	510,396	16,994,701	3.00%
2002	655,000	380,481	1,035,481	17,040,117	6.08%
2003	855,000	333,754	1,188,754	21,246,260	5.60%
2004	330,000	201,735	531,735	18,217,951	2.92%
2005	322,500	204,576	527,076	22,464,175	2.35%
2006	322,500	135,941	458,441	22,464,175	2.04%
2007	332,500	309,252	641,752	26,502,377	2.42%
2008	517,500	318,162	835,662	29,093,445	2.87%

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

Data Source

Village of Carpentersville Annual Financial Statements 1999-2008

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VILLAGE OF CARPENTERSVILLE

PROPERTY TAX RATES* - DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years

Tax Levy Year	1998	1999	2000
Tax rates*			
School District 300 residents:			
Kane County	\$ 0.4450	\$ 0.4082	\$ 0.4218
Kane County IMRF	0.0462	0.0690	0.0459
Kane County FICA	-	-	-
Kane Forest Preserve	0.1132	0.1947	0.1589
Kane Forest Preserve IMRF	0.0039	0.0038	0.0045
Kane Forest Preserve FICA	-	-	-
Dundee Township	0.2131	0.2045	0.2050
Dundee Township Road Funds	0.1062	0.0992	0.0975
Dundee Township IMRF	0.0016	0.0016	0.0016
Dundee Township FICA	-	-	-
Carpentersville Village	1.3012	1.2390	1.2502
Carpentersville IMRF	-	-	-
Carpentersville Police Pension	-	-	-
Carpentersville Fire	-	-	-
Carpentersville Fire FICA	-	-	-
Carpentersville Fire Pension	-	-	-
School District 300	3.8687	3.8780	4.2151
School District 300 Pension	-	-	-
Elgin Community College 509	0.3831	0.3920	0.3822
Elgin Community College Pension	-	-	-
Dundee Park District	0.5033	0.4997	0.4948
Dundee Park District IMRF	0.0389	0.0398	0.0413
Dundee Park District FICA	-	-	-
Dundee Library	0.1513	0.1554	0.1578
Dundee Library IMRF	0.0167	0.0158	0.0154
Dundee Library FICA	-	-	-
	\$ 7.1924	\$ 7.2007	\$ 7.4920
Total tax rate - District 300			
Village's share of total tax rate	<u>18.09%</u>	<u>17.21%</u>	<u>16.69%</u>
School District 220 residents -			
Harper College 512	-	-	-
Harper College 512 Pension	-	-	-
Barrington School District	3.6515	3.6017	3.6033
Barrington School District Pension	-	-	-
	\$ 3.6515	\$ 3.6017	\$ 3.6033
Total tax rate - District 220			
Village's share of total tax rate	<u>19.20%</u>	<u>18.45%</u>	<u>18.72%</u>

*Property tax rates are per \$100 assessed valuation

Data Source

Office of Kane County Clerk

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	0.3923	\$ 0.3740	\$ 0.3029	\$ 0.3467	\$ 0.3367	\$ 0.2847	\$ 0.2750
	0.0606	0.0552	0.0549	0.0382	-	0.0605	0.0571
	-	-	-	-	-	-	-
	0.1477	0.1354	0.1232	0.1432	0.1905	0.1714	0.1942
	0.0043	0.0041	0.0038	-	-	0.0033	0.0032
	-	-	-	-	-	-	-
	0.1969	0.1904	0.1803	0.1705	0.1608	0.1292	0.1440
	0.0918	0.0871	0.0797	0.0770	0.0730	0.0692	0.0665
	0.0016	0.0016	0.0028	0.0017	-	0.0015	0.0014
	-	-	-	-	-	-	-
	1.2128	1.2799	1.2413	1.2121	1.3367	1.0519	1.0239
	-	-	-	-	-	0.2702	0.3080
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	4.1154	4.1295	3.8656	3.6923	4.0289	3.8308	3.7645
	-	-	-	-	-	0.1480	0.1028
	0.3721	0.3636	0.3854	0.4154	0.4011	0.3345	0.3230
	-	-	-	-	-	0.0053	0.0051
	0.3839	0.3615	0.3560	0.4341	0.4049	0.3474	0.3400
	0.0402	0.0413	0.0427	0.0195	-	0.0424	0.0316
	-	-	-	-	-	-	-
	0.1539	0.1482	0.1393	0.1416	0.1361	0.1245	0.1195
	0.0134	0.0126	0.0109	0.0049	-	0.0082	0.0084
	-	-	-	-	-	-	-
\$	<u>7.1869</u>	<u>7.1844</u>	<u>6.7888</u>	<u>6.6971</u>	<u>7.0687</u>	<u>6.8829</u>	<u>6.7681</u>
	<u>16.88%</u>	<u>17.81%</u>	<u>18.28%</u>	<u>18.10%</u>	<u>18.91%</u>	<u>19.21%</u>	<u>19.68%</u>
	-	-	-	-	-	0.2944	0.2755
	-	-	-	-	-	0.0044	0.0047
	3.5235	3.8011	3.1616	3.6083	3.9660	3.0571	3.0810
	-	-	-	-	-	-	0.1100
\$	<u>3.5235</u>	<u>3.8011</u>	<u>3.1616</u>	<u>3.6083</u>	<u>3.9660</u>	<u>3.3559</u>	<u>3.4712</u>
\$	<u>6.5575</u>	<u>6.8278</u>	<u>5.9664</u>	<u>6.6131</u>	<u>7.0058</u>	<u>5.9203</u>	<u>6.0440</u>
	<u>18.49%</u>	<u>18.75%</u>	<u>20.80%</u>	<u>18.33%</u>	<u>19.08%</u>	<u>22.33%</u>	<u>22.04%</u>

