

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**Prepared by**  
**Susan M. Scarpiniti**  
**Village Treasurer**

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of North Riverside including: List of Principal Officials, Organization Chart, Certificate of Achievement for Excellence in Financial Reporting, and Letter of Transmittal from the Village Treasurer.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**List of Principal Officials**

**April 30, 2006**

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**LEGISLATIVE**

**VILLAGE BOARD OF TRUSTEES**

Richard N. Scheck, Mayor

Tom Corgiat  
Randy Czajka  
Ken Krochmal

Joan Sargent  
James R. Votava  
Gary Wittbrodt

Charmaine M. Kutt, Village Clerk

**ADMINISTRATIVE**

Guy Belmonte, Jr. , Village Administrator

Susan M. Scarpiniti  
Treasurer

Anthony M. Garvey  
Police Department

Raymond A. Martinek  
Fire Department

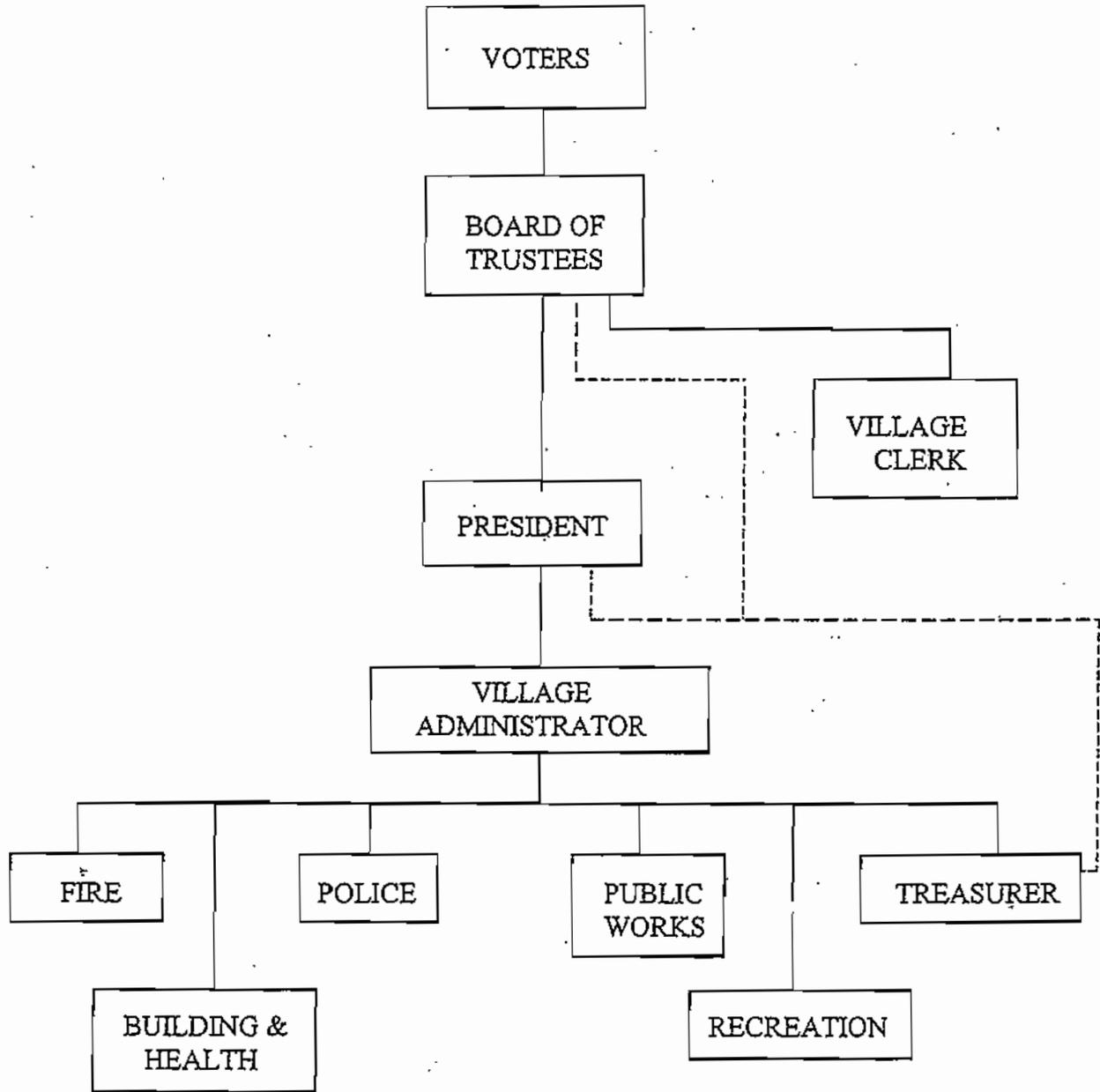
Tim Kutt  
Public Works Department

Dave Skurkis  
Building Commissioner  
Health Commissioner

Sue Frampton  
Recreation Department

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

ORGANIZATION CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of North Riverside  
Illinois

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

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



*Carla E. Perry*

President

*Jeffrey R. Emery*

Executive Director

August 8, 2006

The Honorable Mayor Richard N. Scheck  
Members of the Board of Trustees  
Citizens of the Village of North Riverside

The Comprehensive Annual Financial Report of the Village of North Riverside (the "Village") for the fiscal year ended April 30, 2006, is hereby submitted. Illinois Compiled Statutes require the Village to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Village. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village has established a comprehensive framework of internal controls that is designed both to protect the government's assets from loss, theft, or misuse and to compile reliable financial data for the preparation of the Village's financial statements in conformity with GAAP. Internal controls are designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the evaluation of the costs and benefits requires estimates and judgments on the part of management.

As a recipient of federal and state financial assistance, the Village is also responsible for providing adequate internal controls to ensure and document compliance with all applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management.

The Village has implemented GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, excluding the retroactive reporting of infrastructure assets. The Village has the option to implement all infrastructure reporting by the fiscal year ended April 30, 2008. As management, we

assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by Lauterbach & Amen, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village of North Riverside for the fiscal year ended April 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village's financial statements for the fiscal year ended April 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented in the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Village's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Village of North Riverside**

Incorporated in 1923, the Village of North Riverside, a non-home rule community, is located in the central portion of Cook County, approximately 10 miles west of the City of Chicago's downtown "Loop" area and serves a population of 6,688. In general, the Village is very mature in its residential and commercial base. With the 2000 Census Information, the Village experienced a shift in its residential composition from a once predominantly older community to a much younger population base. This shift has provided greater balance in the demographics of the village as well as increased residential construction activity over the past five years.

The resale value of residential property continues to rise rapidly within the Village as the average single-family home remained on the market for only 51 days. Although there are only a few vacant lots available for the construction of new homes, the Village continues to experience an increasing number of homeowners each year performing complete tear downs or expanding their existing homes to include sizable rear and second story additions, thereby, demonstrating the Village's level of desirability.

The Village operates under the Board/Administrator form of government. Policy-making and legislative authority are vested in a governing board consisting of a President and six Trustees. Village Trustees are elected at-large to four-year staggered terms with three Board members elected every two years. The Mayor is elected at-large to a four-year term. The Mayor, with concurrence of the Village Board, appoints a Village

Administrator, who is responsible for carrying out the policies and ordinances of the Village Board and overseeing the day-to-day operations of the Village. The Village employs 74 full-time employees, including 27 sworn police officers and 18 full-time firefighters.

The Village provides a full range of public services, including public safety (police and fire protection), water treatment and distribution, sanitation services, construction and maintenance of parks, streets and infrastructure, planning and zoning, building and code enforcement, cultural and recreational activities and general administrative services. The Board of Trustees exercises, or has the ability to exercise, oversight of the various boards, commissions and departments as depicted in the Village's organizational chart, as well as the police and firefighters' pension funds. Accordingly, these activities are included in the reporting entity. The local library, elementary and high school districts, as well as other special taxing districts, are legally separate public entities and thus, not included in this comprehensive annual financial report.

The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit requests for appropriation to the Village Administrator and Treasurer by early March of each year. These requests act as the foundation for developing a recommended budget. The Village Administrator and Treasurer present a proposed budget to the Village Board for review in May of each year. The Village Board is required to hold a public hearing on the proposed budget and to adopt a final appropriation no later than July 31<sup>st</sup> of each year. The appropriated budget is prepared by fund, function (e.g., public safety), and activity (e.g., police), and includes comparative information from four prior fiscal years, current year estimates, department's original requests as well as the final recommended appropriations for the next fiscal year.

The level of budgetary control, that is the level at which expenditures cannot legally exceed the budgeted amount, is established at the fund level. The Village Treasurer, at the recommendation of each Department Head and with the approval of the Village Administrator, has the authority to transfer funds between expenditure line items and functions of like activity. However, any budget adjustment between departments or transfers that alter the total expenditures of any fund must be approved by the Village Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

### **Major Initiatives**

Village staff, following specific directives of the Village Board and Village Administrator, has been involved in a variety of projects throughout the year; projects which reflect the Village's continued commitment to ensuring that its citizens are able to live and work in an enviable environment. The most significant of these projects are discussed below.

- Continued the Village Board's long-standing practice of *not* increasing property taxes by seeking alternate revenue sources to fund existing as well as new services and programs with the least impact to Village residents. To accomplish this goal, village officials worked in partnership with local residents to gain overwhelming support and passage of a sales tax referendum increasing the Village's non-home rule sales tax rate by ½%. Collection of this new tax will begin in July, 2006.
- Expanded the Village's comprehensive plan to incorporate the annexation of the North Riverside National Guard Armory, thereby, establishing the foundation for future economic growth should the Federal Government vacate the property.
- Worked in partnership with local businesses to expand the Village's central business district along Harlem and Cermak Roads; thus, enhancing the village's sales tax base.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village operates.

#### ***Local economy***

The economic outlook for the Village of North Riverside continues to be positive. The Village has experienced a moderate recovery in the local economy similar to what has been the experience throughout the State and the Country. The community is not reliant on any one major employer, which has assisted the Village in maintaining a more stable economy even in times of economic downturns. The Village's commercial base consists of the North Riverside Park Mall (a large regional shopping center consisting of three national department stores and 114 specialty stores), a national distributor of foodservice equipment and supplies, two major automobile dealers, and several large retail strip centers. With the continued commitment by the Mayor and Village Board to aggressively promote economic development and revitalization of its commercial sector, the Village has been able to enhance the diversification of its largest revenue source, sales tax, thereby reducing some volatility in the revenue generated by the Village.

Although the Village continues to place little reliance on property tax revenue to fund municipal services, the property tax base continues to strengthen within the community. For the past three years, the assessed value of North Riverside properties has increased by an average of 9% per year. The Village's total equalized assessed valuation in 2005 is \$321,967,944, an increase of 23% over the prior year. This significant increase is largely due to the inclusion of the newly annexed North Riverside National Guard Amory into the Village's assessed valuation base.

### ***Long-term Financial Planning***

The Mayor's Economic Development Committee continuously reviews the activity of the North Riverside Park Mall, a central shopping location for residents of surrounding communities. This committee actively works with local commercial developers to attract and lease space to new businesses, attract and fill existing tenant vacancies, redevelop barren parcels within the Village and develop new parcels that would be suitable to enhance the Village's sales tax base.

In the past, the Village has developed close partnerships with several large businesses within the community to promote redevelopment through the issuance of business grants and funding of infrastructure related improvements. These financial incentives have proven very successful to the Village, adding more than \$5.5 million annually to the Village's sales tax base. During fiscal year 2006, the Village continued its community presence by awarding its third economic development grant to a large retailer looking to expand its operations and establish long-term residency within the community. This grant will not only allow the Village to expand its current sales tax base by an additional \$5 to \$7 million dollars annually, but will also ensure that one of the Village's top revenue producers continues to operate within the community for many years to come.

The Village also continues to actively lobby within the federal and state governments for available grant funds and issues that directly impact local municipalities. Over the past seven years, these lobbying efforts yielded approximately \$5 million dollars in available grant funding for infrastructure and capital related purchases. During the course of the next four years, the Village will concentrate its efforts to provide safe travel within the community through the construction of a village wide bicycle path and installation of several municipal parking lots. This multi-year project is being funded with a \$1.92 million federal transportation grant and will allow residents to safely travel between the east and west sides of the Village.

### ***Cash management policies and practices***

Cash temporarily idle during the year was invested in the Illinois State Treasurer's Pool (commonly known as Illinois Funds), money market mutual funds, and U.S. government securities. The Village's investment policy strives to minimize credit and market risk while maintaining competitive yields on its portfolio. Accordingly, all deposits and investments were either insured by federal depository insurance or collateralized. All collateral on deposits were held by the Village's agent or a financial institution's trust department in the Village's name.

### ***Risk management***

The Village participates in the Municipal Insurance Cooperative Agency (MICA) through which it insures workers' compensation claims, first party property losses, third party liability claims and public official's liability claims. Coverage for loss of sales tax revenue due to a catastrophic business loss is also covered under this policy. Meetings of staff of the (15) member Public Entities to review and improve procedures to reduce risk

occurrences, as well as aggressive settlement of workmen's compensation claims, have resulted in stabilizing the cost of coverage.

***Pension and other post-employment benefits***

The Village sponsors a single-employer defined benefit pension plan for both its police officers and firefighters. Each year, an independent actuary engaged by the Village calculates the amount of the annual contribution that the Village must make to each respective pension plan to ensure that the plans will be able to fully meet their obligations to retired and disabled employees in a timely manner. As of April 30, 2006, the Village had funded approximately 73.2% and 68.5% of the actuarial accrued liabilities of the firefighter's pension and police pension funds, respectively. The remaining un-funded amounts are being systematically funded over 28 years as part of the annual required contribution calculated by the actuary for each pension fund.

Since the Village did not make a contribution to the either the police or firefighters' pension funds the past two fiscal years, the percent funded for both funds has decreased dramatically in two years while the village's net pension obligation payable increased \$660,914. With the recent passage of the Village's additional ½% non-home rule sales tax, the Village Board has committed to funding the pension funds once collection of the new tax is received. In fiscal year 2007, the Village Board will make a double pension payment to both funds in the total amount of \$1.4 million dollars.

The Village also provides pension benefits for all other employees (other than those covered by the Police and Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard of 1,000 hours. These benefits are provided through an agent-multiple-employer defined pension plan managed by the Illinois Municipal Retirement Fund (IMRF). The Village has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payments to IMRF.

Additional information on the Village of North Riverside's pension arrangements can be found in Note 4, Employee Retirement System – Defined Benefit Pension Plans.

In addition to providing pension benefits, the Village also provides post-employment health care and life insurance benefits to all employees who have retired or are on permanent disability leave. Currently, 34 retired and disabled employees meet the eligibility requirements as determined by the Village Board and outlined in the Village's personnel policy manual. The Village pays approximately 75 percent of the cost of health and life insurance benefits for these employees.

Additional information on the Village of North Riverside's post-employment benefits can be found in Note 4, Post-employment Benefits.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report for the fiscal year ended April 30, 2005. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose content conforms to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable requirements.

A Certificate of Achievement is valid for a period of one year only. The Village has received a Certificate of Achievement for the last twenty-one (21) consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and therefore, we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has my sincere appreciation for the contributions made in preparation of this report. In closing, without the leadership and the support of the Mayor, Village Trustees, and Village Administrator, the preparation of this report would not have been possible.

Respectfully submitted,



Susan M. Scarpiniti  
Village Treasurer

## **FINANCIAL SECTION**

This section includes:

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

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Village's independent auditing firm.

## **INDEPENDENT AUDITORS' REPORT**

August 8, 2006

The Honorable Village President  
Members of the Board of Trustees  
Village of North Riverside, Illinois

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

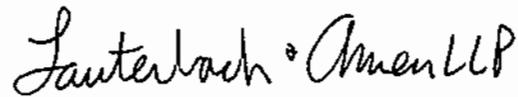
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining,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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of North Riverside, Illinois as of April 30, 2006, and the respective changes in financial position and cash flows, were applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

A handwritten signature in cursive script that reads "Lauterbach & Amen LLP".

LAUTERBACH & AMEN, LLP

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

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

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

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As management of the Village of North Riverside (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of its financial activity for the fiscal year ended April 30, 2006. This Management Discussion and Analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address current and future years service needs and challenges), (4) identify any material deviations from the Village's financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal beginning on page iv and the Village's financial statements, which begin on page 19.

### FINANCIAL HIGHLIGHTS

- The Village's net assets decreased \$.83 million or 12% for the fiscal year ended April 30, 2006. Net assets in the governmental activities decreased by \$.62 million (15.8%) while the business-type activities net assets decreased by \$.21 million (7.1%) when compared to fiscal year 2005.
- Unrestricted net assets in the governmental activities reflect a deficit of \$2.61 million largely due to the Village's election to fund certain long-term liabilities (i.e., compensated absences and net pension obligation payable) as they come due rather than when they are incurred. The net pension obligation payable increased \$.66 million from \$2.48 million in 2005 to \$3.14 million in 2006 due to the Village electing not to fund both the police and firefighters' pension funds the past two years.
- Total fund balance of Governmental Funds increased \$.12 million or 19% from \$.64 million to \$.76 million in fiscal year 2006. Unreserved fund balance in the General Fund at April 30, 2006 is \$.86 million and represents 8.8% of General Fund expenditures.
- Governmental activities revenue increased \$.19 million (2.6%) while expenses increased \$.83 million (7.5%). Capital grants and contributions increased \$.09 million to \$.16 million in fiscal year 2006.
- Business-type activities revenue remained unchanged at \$1.19 million from fiscal year 2005 while expenses increased 5.7% to \$1.50 million.
- The total cost of all Village programs increased \$.62 million or 4.9%.

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Management's Discussion and Analysis (Continued) April 30, 2006

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#### USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

The Village's financial statements present two kinds of statements, each designed to offer readers with a different snapshot of the Village's finances. The focus of the financial statements is on both the Village as a whole (government-wide) as well as by major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

The Statement of Net Assets and the Statement of Activities (on pages 19 - 22) provide information about the activities of the Village of North Riverside as a whole and present a longer-term view of the Village's finances. Financial statements for the individual funds begin on page 23. For governmental activities, these statements tell the reader how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide statements by providing information about the Village's most significant funds.

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

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

The *Statement of Net Assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and the economic resources measurement focus. Over time, increases or decreases in the unrestricted net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *Statement of Activities* presents information on how the Village's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick and vacation leave). The *Statement of Activities* also reports the extent to which various expenses for governmental or business-type functions are dependent upon user charges, grant sources, general taxes and other revenues.

Both of the government-wide financial statements distinguish functions of the Village which are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions which are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village reflect basic services, including police, fire, emergency medical services, streets, infrastructure improvements, building inspection and code enforcement, sanitation, economic development,

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Management's Discussion and Analysis (Continued) April 30, 2006

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and culture and recreation. The business-type activities of the Village include operation of the Village's water system.

Excluded from the government-wide financial statements are fiduciary fund types (e.g. North Riverside Police and Firefighter's Pension Funds). Fiduciary funds are used to report net assets held in a trustee or agency capacity for others (e.g. retired police officers and firefighters) and therefore, cannot be used to support the Village's programs and operations.

The government-wide financial statements can be found on pages 19 through 22 of this report.

#### **Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation to be more familiar; with the focus on major funds, rather than fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### ***Governmental Funds***

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

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

The Village maintains 7 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, Debt Service Fund, and Capital Projects Fund, all of which are considered to be "major" funds. Data from the other 4 governmental funds are combined into a single, aggregate presentation in these financial statements. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located on pages 82 through 85 of this report.

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Management's Discussion and Analysis (Continued)

April 30, 2006

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The Village adopts an annual appropriated budget for all of the governmental funds, excluding the foreign fire insurance fund. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 23 – 28 of this report.

#### ***Proprietary Funds***

The Village maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements and uses the economic resources management focus and the accrual basis of accounting, similar to private-sector businesses. The Village utilizes enterprise funds to account for the operation of its water system.

Internal service funds are an accounting device used to accumulate and allocate costs internally among other Village funds. The Village uses internal service funds to account for its self-funded health insurance program and working cash fund. Because the Village's costs for these items relate primarily to governmental rather than business-type functions, the internal service funds has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, which is considered to be a major fund of the Village. Activities of the Health Insurance Fund and Working Cash fund are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for both enterprise and internal services funds, including budget compliance and comparisons, are provided in combining and individual fund financial statements section of this report.

#### ***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. The Village maintains two fiduciary funds, which account for the resources of both the Police Pension and Firefighter's Pension Funds.

The basic fiduciary fund financial statements can be found on pages 32 - 33 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34 - 67 of this report.

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Management's Discussion and Analysis (Continued)

April 30, 2006

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in funding its obligation to required employee retirement plans. Required supplementary information can be found on pages 68 - 74 of this report.

The combining statements referred to earlier in connection with major and non-major governmental funds, major enterprise funds, and internal service funds are presented immediately following the required supplementary information on employee retirement plans. Combining and individual fund statements and schedules can be found on pages 75 - 97 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. The following table presents a condensed Statement of Net Assets.

			Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 3.15	\$ 2.77	\$ 0.64	\$ 0.78	\$ 3.79	\$ 3.55
Capital Assets	7.65	8.06	2.34	2.40	9.99	10.46
Total Assets	10.80	10.83	2.98	3.18	13.78	14.01
Long-Term Liabilities	5.57	5.03	0.04	0.04	5.61	5.07
Other Liabilities	1.94	1.89	0.13	0.13	2.07	2.02
Total Liabilities	7.51	6.92	0.17	0.17	7.68	7.09
Net Assets						
Invested in Capital Assets, Net of Debt	5.89	6.10	2.33	2.40	8.22	8.50
Restricted	0.01	0.01	-	-	0.01	0.01
Unrestricted (Deficit)	(2.61)	(2.20)	0.47	0.61	(2.14)	(1.59)
Total Net Assets	\$ 3.29	\$ 3.91	\$ 2.80	\$ 3.01	\$ 6.09	\$ 6.92

The Village's total net assets decreased from \$6.92 to \$6.09 million during fiscal year 2006. Of this \$.83 million decrease, governmental activities account for \$.62 million and business-type activities account for \$.21 million. The decrease in the governmental activities net assets is

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Management's Discussion and Analysis (Continued) April 30, 2006

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largely due to the increase in the Village's long-term liabilities resulting from growing pension obligations and accrued employee benefit time (i.e. vacation and sick leave) incurred but not funded during the current fiscal year. The Village's net pension obligation payable, which includes both the police and firefighters' pension funds, increased from \$2.48 million in fiscal year 2005 to \$3.14 million in fiscal year 2006 as the result of the Village electing not to contribute to either pension fund for the last two fiscal years.

The net assets of the business-type activities decreased slightly from \$3.01 million in fiscal year 2005 to \$2.80 million in fiscal year 2006. This decrease was the direct result of the Village absorbing additional costs for the maintenance of the water supply system as well as the fifth straight rate increase on the purchase of water from the Brookfield-North Riverside Water Commission rather than passing these increased costs on to its water users. The annual operating cost of the Village's water system is approximately \$1.5 million per year and in future years a water rate increase will be required to fund water operations. The first water rate increase is scheduled to begin in July 1, 2006.

By far, the largest portion of the Village's net assets (71%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to its citizens and therefore, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it is important to note that the resources needed to repay this debt must be provided from other revenue sources as the capital assets themselves cannot be used to liquidate these liabilities.

Furthermore, the Village has elected at this time not to retroactively report infrastructure assets as part of its total asset valuation and as such, the amount reflected as net assets invested in capital assets, net of related debt, only represents a portion of the Village's actual asset base. The Village has the option of implementing all retroactive infrastructure reporting by the fiscal year ended April 30, 2008. During the fiscal year ended April 30, 2006, net assets invested in capital assets decreased in both governmental and business-type activities due to the current year's depreciation expense as the Village instituted a capital freeze during the current year and elected not to add any capital assets to its valuation base.

For more detailed information, please see the Statement of Net Assets on pages 19 - 20.

#### **Statement of Activities (Changes in Net Assets)**

The following table summarizes the revenues and expenses of the Village's activities for the fiscal year ended April 30, 2006.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Management's Discussion and Analysis (Continued)**  
**April 30, 2006**

	Changes in Net Assets (in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1.93	\$ 1.79	\$ 1.20	\$ 1.19	\$ 3.13	\$ 2.98
Capital Grants/Contributions	0.16	0.07	-	-	0.16	0.07
General Revenues						
Property Taxes	0.75	0.73	-	-	0.75	0.73
Sales Taxes	6.58	6.53	-	-	6.58	6.53
Other Taxes	0.77	0.72	-	-	0.77	0.72
Intergovernmental	0.83	0.76	-	-	0.83	0.76
Other General Revenues	0.16	0.30	0.09	0.09	0.25	0.39
<b>Total Revenues</b>	<b>11.18</b>	<b>10.90</b>	<b>1.29</b>	<b>1.28</b>	<b>12.47</b>	<b>12.18</b>
<b>Expenses:</b>						
General Government	0.67	0.79	-	-	0.67	0.79
Public Safety	8.24	7.20	-	-	8.24	7.20
Culture and Recreation	0.91	0.88	-	-	0.91	0.88
Public Works	1.20	1.32	-	-	1.20	1.32
Building, Health and Zoning	0.19	0.18	-	-	0.19	0.18
Sanitation	0.49	0.48	-	-	0.49	0.48
Interest on Long-Term Debt	0.10	0.12	-	-	0.10	0.12
Water	-	-	1.50	1.42	1.50	1.42
<b>Total Expenses</b>	<b>11.80</b>	<b>10.97</b>	<b>1.50</b>	<b>1.42</b>	<b>13.30</b>	<b>12.39</b>
<b>Changes in Net Assets</b>	<b>(0.62)</b>	<b>(0.07)</b>	<b>(0.21)</b>	<b>(0.14)</b>	<b>(0.83)</b>	<b>(0.21)</b>
<b>Net Assets, May 1 as Restated</b>	<b>3.91</b>	<b>3.98</b>	<b>3.01</b>	<b>3.15</b>	<b>6.92</b>	<b>7.13</b>
<b>Net Assets, April 30</b>	<b>\$ 3.29</b>	<b>\$ 3.91</b>	<b>\$ 2.80</b>	<b>\$ 3.01</b>	<b>\$ 6.09</b>	<b>\$ 6.92</b>

**Governmental Activities**

For the fiscal year ended April 30, 2006, total combined revenues from all governmental activities increased \$.28 million (2.6%) from \$10.90 to \$11.18 million. Sales tax continues to be the largest single source of revenue for the Village (60% of all governmental revenue), contributing a combined total of \$6.58 million to the Village's overall revenue base. Sales tax is comprised of two components in the Village of North Riverside; the 1% municipal share of the

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

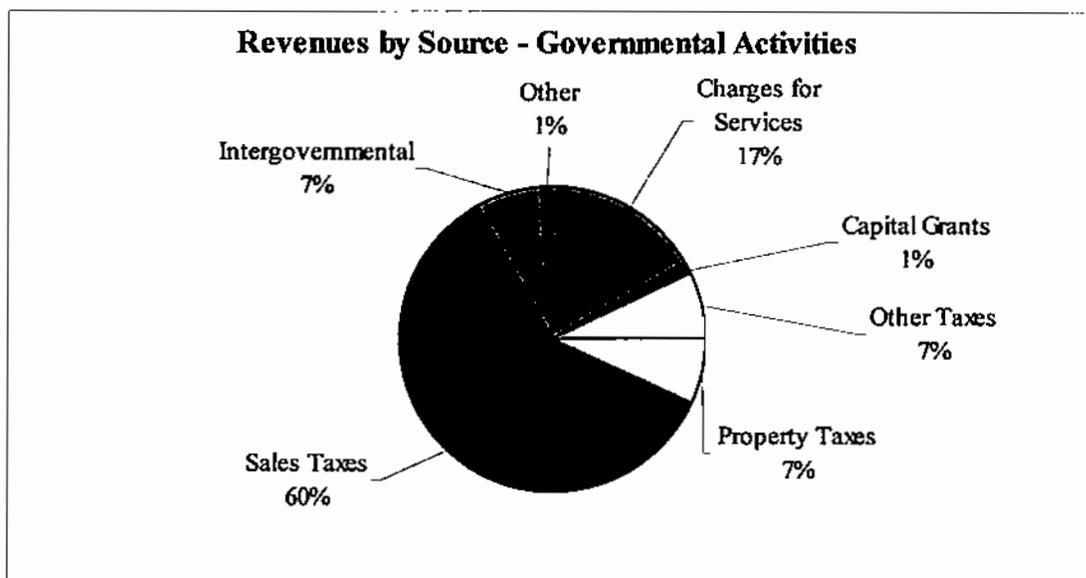
### Management's Discussion and Analysis (Continued) April 30, 2006

state's retailer's occupation tax and the ½ of 1% for the Village's non-home rule sales tax, and generated revenue of \$4.69 million and \$1.89 million respectively.

Charges for services increased \$.14 million or 7.6% over the prior fiscal year from \$1.79 to \$1.93 million and makes-up approximately 17% of the Village's governmental revenues. The majority of this increase is attributed to the additional revenue generated from the second of a 3-tiered rate adjustment that was approved by the Mayor and Village Board in May of 2004. The intent of the Mayor and Village Board is to reduce the Village's subsidy to the Refuse Fund to less than 50% by the end of the 3<sup>rd</sup> scheduled rate increase. During fiscal year 2006, the Village increased refuse collection fees accordingly by 38% from \$20.60 to \$28.50 per quarter, however, the total impact on Village residents was only \$31.60 per year. The last increase is scheduled to take effect on July 1, 2006 and will raise refuse collection fees to \$31.38 per quarter.

Throughout this fiscal year, the Mayor and Village Board continued their commitment to not raise property taxes, as the Village's general corporate levy remained frozen for the 18<sup>th</sup> consecutive year. This demonstrates the Village's long-term commitment of seeking alternate revenue sources other than property taxes to fund vital services and programs. As a result, property tax collections remained unchanged from fiscal year 2005, comprising 7% of the Village's total Governmental Fund revenue with \$.75 million in collections. The Village's equalized assessed valuation increased 23% from \$261,828,507 in 2004 to \$321,967,944 in 2005. This increase in the Village's assessed value is mainly attributed to the addition of the recently annexed National Guard Armory to the Village's tax rolls. The total amount of new or annexed property for 2005 was \$3,424,369, the largest increase in new property values over the past 12 years.

The following chart graphically depicts the major revenue sources of the Village for the fiscal year ended April 30, 2006 and clearly demonstrates the Village's heavy reliance on sales taxes to fund governmental activities.



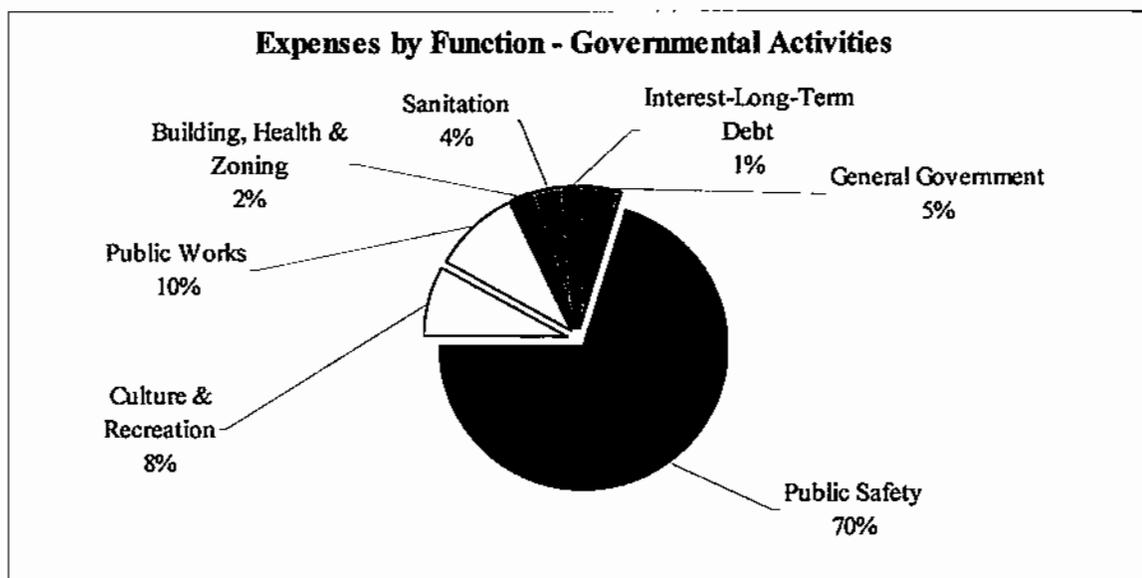
## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Management's Discussion and Analysis (Continued) April 30, 2006

Expenses for the governmental activities for the fiscal year ended April 30, 2006 totaled \$11.80 million, an increase of \$.83 million or 7.5% from the prior year. For the most part, increases in governmental expenses closely paralleled inflation and growth in the demand for services. No new programs or services were instituted during the fiscal year, as departments maintained a truly operational only budget for the second straight year.

North Riverside's largest share of costs allocated to governmental activities was in the area of public safety, accounting for 70% of total governmental expenses. Public safety activities include the costs associated with the full-time operation of both the Village's fire and police departments, in addition to maintenance of a central emergency dispatch unit, year-round foot-patrol by police officers at the North Riverside Park Mall, and institution of annual fire inspections for all commercial and multi-family dwellings. Total expenses allocated to public safety increased 14.4% from \$7.20 to \$8.24 million from the prior year. This was the largest increase to any one particular governmental function and was the result of additional fire safety equipment being purchased during the year that was funded through a federal grant. Respectively, capital grant/contribution revenue reported in the public safety function also increased proportionately to reflect the additional funds received through the federal grant.

Public works activities make up the second largest function within the Village, accounting for 10% of total governmental expenses. Public works activities include the costs associated with the Village's Public Works administrative, engineering and parks and streets division staff, regular street maintenance activities such street sweeping, parkway tree maintenance, snow removal, storm sewer cleaning, and other maintenance activities.



#### **Business-type activities**

Revenues of the Village's business-type activities remained relatively unchanged from fiscal year 2005 at \$1.29 million annually. Business-type expenses, however, increased 5.7% from \$1.42 to \$1.50 million over the prior year primarily due to increased maintenance costs on the

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Management's Discussion and Analysis (Continued) April 30, 2006

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Village's water distribution system as well as an increase in the cost to purchase water from the Brookfield-North Riverside Water Commission.

#### FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village of North Riverside uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year and as a measure of the General Fund's liquidity.

In general, the Village of North Riverside's financial position has improved from fiscal year 2005. At April 30, 2006, the governmental funds reported a combined ending fund balance of \$.76 million, an increase of \$.12 million or 19% from the beginning of the year's total balance of \$.64 million. Of the total fund balance reported of \$.76 million, \$.70 million is unreserved and undesignated, thereby, representing an increase of \$.13 million or 23% over the prior fiscal year.

The General Fund is the Village's principal operating fund and the largest source of day-to-day service delivery. At the end of the current fiscal year, the General Fund had an excess of revenues over expenditures of \$.66 million before operating transfers to other funds. Total General Fund revenues were \$.33 million (3.3%) higher than in the prior fiscal year, thereby, indicating the start of an economic recovery. This was the first time in three years that the Village showed an excess of revenue in the General Fund and did not have to electively draw down on its available fund balance. Accordingly, the Village designated \$.19 million dollars to be transferred to the Health Insurance Fund, an internal service fund that reports the activities of the Village's self-insured employee health program, and repaid the deficit fund balance accumulated from prior year's health claims exceeding contributions. As a result, the Health Insurance Fund reported a positive fund balance at April 30, 2006 for the first time in five years.

The Village also transferred \$.21 million to the Capital Projects Fund, thereby, creating a surplus of revenues over expenditures of \$.08 million at April 30, 2006. Historically, the Capital Projects Fund has been used to fund major capital assets and infrastructure improvements of the Village. Funding for this fund has traditionally been through federal and state grants, bond proceeds, and contributions from the General Fund. However, over the course of the past five years, the Village has elected to voluntarily draw down on its reserves in several funds to avoid passing on the additional cost for services to its residents. With the financial health of the General Fund improving during the current fiscal year, the Village is committed to reducing the deficit fund balances created in other governmental funds as demonstrated by these two year-end transfers.

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Management's Discussion and Analysis (Continued) April 30, 2006

### General Fund Budgetary Highlights For the Fiscal Year Ended April 30, 2006

	Original Budget	Final Budget	FY06 Actual	FY05 Actual	% Change
<b>Revenues</b>					
Taxes	\$ 8,215,500	\$ 8,215,500	\$ 7,856,068	\$ 7,732,763	1.6%
Licenses and Permits	561,750	561,750	586,694	595,914	-1.5%
Intergovernmental	570,717	793,717	833,643	642,442	29.8%
Charges for Services	687,000	712,000	752,502	688,565	9.3%
Fines and Forfeitures	216,600	216,600	236,398	235,029	0.6%
Investment Earnings	40,275	40,275	32,118	15,686	104.8%
Miscellaneous	107,300	107,300	131,209	184,269	-28.8%
<b>Total Revenue</b>	<b>\$ 10,399,142</b>	<b>\$ 10,647,142</b>	<b>\$ 10,428,632</b>	<b>\$ 10,094,668</b>	<b>3.3%</b>
<b>Expenditures</b>					
General Government	\$ 606,250	\$ 604,250	\$ 558,197	\$ 472,777	18.1%
Public Safety	7,182,667	7,347,017	7,248,071	7,191,001	0.8%
Culture and Recreation	871,445	917,120	896,782	862,582	4.0%
Public Works	1,037,649	1,022,349	869,509	913,569	-4.8%
Building, Health and Zoning	213,357	208,132	194,015	185,216	4.8%
<b>Total Expenditures</b>	<b>\$ 9,911,368</b>	<b>\$ 10,098,868</b>	<b>\$ 9,766,574</b>	<b>\$ 9,625,145</b>	<b>1.5%</b>
<b>Operating Transfers Out</b>					
Transfer-Capital Projects	\$ 165,000	\$ 165,000	\$ 214,000	\$ 495,000	-56.8%
Transfer-Refuse	255,000	255,000	255,000	296,000	-13.9%
Transfer-Health Insurance	-	-	186,000	-	0.0%
<b>Total Operating Transfers Out</b>	<b>\$ 420,000</b>	<b>\$ 420,000</b>	<b>\$ 655,000</b>	<b>\$ 791,000</b>	<b>-17.2%</b>
<b>Change in Fund Balance</b>	<b>\$ 67,774</b>	<b>\$ 128,274</b>	<b>\$ 7,058</b>	<b>\$ (321,477)</b>	<b>-102.2%</b>

Revenues in the general fund for the fiscal year ended April 30, 2006 increased by \$.33 million or 3.3% compared to the prior year. General Fund tax revenue, the largest category of revenue in the General Fund, includes property taxes, sales tax and telecommunication taxes and remained relatively stable reflecting only a 1.6% increase over the prior fiscal year. Revenues in the licenses and permits category decreased slightly by 1.5% from \$.60 to \$.59 million. This decrease is directly attributed to the 26% reduction in amusement taxes experienced from the prior year as the result of Blockbuster Video going out of business in 2006.

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Management's Discussion and Analysis (Continued)

April 30, 2006

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Intergovernmental revenues, however, which include state income taxes, federal and state grants and other state-shared revenues, rose \$.19 million or 29.8% from \$.64 million to \$.83 million. More specifically, state income tax revenue increased 12.8% from the prior year thereby demonstrating signs of a strengthening local economy. Federal and state grants increased \$.11 million or 156.9% over the prior year as the Village received additional federal funds from the US Department of Homeland Securities to purchase public safety related equipment. Investment income also doubled during the current fiscal year reflecting a 104.8% increase, as a larger amount of cash remained idle and available for investment purposes compared to the prior year.

Total expenditures in the General Fund increased slightly to \$9.8 million (1.5%) compared to \$9.6 million in the prior year and were \$.33 million below the final budgeted appropriation for the fiscal year. Requested to provide a purely operational only budget for the current year, departments instituted numerous cost-control measures during the year to keep increases in costs to a minimal. In addition, several long-time employees retired from the Village during the year and were subsequently not replaced, thus, creating some cost savings in salaries and benefits. Non-union employees and Union Firefighters and Lieutenants did not receive an annual salary adjustment during the fiscal year but instead, received a lump sum payment of \$750 each and no increase to their health insurance co-pays. Union Police and Telecommunicators received a 4% salary adjustment each.

General Government expenditures showed the largest increase over the prior fiscal year at 18.1% or \$.09 million. This increase was directly related to additional attorney fees incurred during the year as the result of the Village successfully defending the annexation of the North Riverside National Guard Armory into the Village's corporate limits as challenged by a neighboring community.

#### **Proprietary funds**

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but include long-term outflows and capital assets.

The Village reports the Water Fund as a major proprietary fund. This fund accounts for all of the operations of the municipal water distribution system. Water is purchased from the Brookfield-North Riverside Water Commission (the "Commission") at a rate of \$2.09 per thousand gallons. Water is sold to residential and commercial customers at a rate of \$3.43 and \$6.90 per thousand gallons respectively. The spread between the purchase price and respective sale rates is intended to finance the operations of the water system, including labor costs, supplies, and infrastructure maintenance.

Revenue collected in the Water Fund has remained unchanged from the prior year at \$1.2 million annually while expenses rose 5.8% or \$.081 million from \$1.42 to \$1.50 million. Over the last five years, the Village has received a 3% to 4% water rate increase on the purchase of water from the Commission. On January 1, 2006, the Commission passed down an increase to the administrative fee component of the water rate, thereby, increasing the cost to purchase water from the Commission by 1.9%. Since 1987, the Village has received approximately eleven water rate increases from the Commission, totaling 37% over the entire period, while only passing one of those increases on to its residential customers. Commercial water rates have increased a total of six times during that same period. The cost to fund the Village's water

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Management's Discussion and Analysis (Continued)

April 30, 2006

operations have increased steadily throughout the past 18 years with only minimal increases in funding from its users.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Mayor and Village Board approved one amendment to the fiscal year 2006 annual appropriation. This amendment allowed the Village to shift budgeted amounts within line items across all departments without altering the total appropriation for the Village. In addition to this budget amendment, one supplemental appropriation was approved increasing the original appropriation by \$247,500 in fiscal year 2006 for a number of one-time capital expenses.

Even though resources available for appropriations were \$113,784 below the final budgeted amounts, the cost savings measures implemented by the Village during the year allowed the General Fund, after operating transfers, to operate at just above a break even level for the fiscal year.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

The Village's investment in capital assets for both its governmental and business type activities as of April 30, 2006 was \$9.99 million (net of accumulated depreciation), a slight decrease of \$.5 million over the prior year. This investment in capital assets includes land and land improvements, buildings and improvements, vehicles, equipment and furniture, and water system assets.

	Capital Assets					
	As of April 30, 2006					
	(in millions)					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2006	2005
	2006	2005	2006	2005	2006	2005
Land	\$ 2.65	2.64	0.22	0.22	2.87	2.86
Buildings and Improvements	7.96	7.96	0.19	0.19	8.15	8.15
Vehicles	1.92	1.92	0.05	0.05	1.97	1.97
Equipment and Furniture	2.20	2.20	-	-	2.2	2.20
Water System	-	-	2.65	2.65	2.65	2.65
	<u>14.73</u>	<u>14.72</u>	<u>3.11</u>	<u>3.11</u>	<u>17.84</u>	<u>17.83</u>
Less: Accumulated Depreciation	<u>(7.08)</u>	<u>(6.65)</u>	<u>(0.77)</u>	<u>(0.71)</u>	<u>(7.85)</u>	<u>(7.36)</u>
Total	<u>\$ 7.65</u>	<u>8.07</u>	<u>2.34</u>	<u>2.40</u>	<u>9.99</u>	<u>10.47</u>

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Management's Discussion and Analysis (Continued) April 30, 2006

Due to cost containment measures instituted by the Village during the fiscal year, there was no major capital asset activity to report on. Additional information on the Village of North Riverside's capital assets can be found in note 3 on pages 53 - 54 of this report.

#### Long-Term Debt

As of April 30, 2006, the Village had total outstanding bonded debt of \$1.71 million as compared to \$1.86 million the previous year, a decrease of 7.8 percent. This entire amount of outstanding debt has been issued in the form of General Obligation Alternate Revenue Source Bonds, payment of which is pledged by the full faith and taxing authority of the Village.

The Village's property taxes and corresponding tax rate for its long-term bonded debt for the last 7 years is shown in the table below.

<u>Tax Year</u>	<u>Property Tax Rate*</u>	<u>Property Taxes Extended</u>
2005	\$ 0.0785	\$ 252,745
2004	0.0953	249,523
2003	0.0992	251,390
2002	0.1006	252,719
2001	0.1181	253,566
2000	0.1264	261,975
1999	0.1164	245,952

\* Per \$100 of assessed valuation

In addition to the general obligations bonds outstanding at April 30, 2006, the Village also currently maintains two installment contracts in the total amount of \$55,897 that were issued to finance various equipment purchases. These two installment contracts are due to mature in calendar years 2006 and 2007 respectively.

The Village maintains an A1 rating from Moody's Investors Services for general obligation debt. The Village, under its non-home rule authority, has a legal debt margin at April 30, 2006 of \$26.1 million. Under Illinois Compiled Statutes, installment contracts not backed by the full faith and taxing authority of the Village are not subject to debt limitations. Accordingly, the Village is well under the legal debt margin, with only \$1.7 million subject to the legal debt limits. Additional information on the Village of North Riverside long-term debt can be found in Note 3 on pages 56 - 59 of this report.

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

During fiscal year 2006, the Village showed some signs of economic strengthening as compared to prior years. The assessed valuation of North Riverside properties has increased on average

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Management's Discussion and Analysis (Continued) April 30, 2006

9.1% over the past three years. Building activity during the year in terms of the number of building permits issued and pre-sale inspection conducted were at a five year high with more than 1,500 permits issued and 120 pre-sale inspections performed.

North Riverside enjoys a stable and diversified commercial and retail sales base with a large regional shopping center consisting of three national department stores and 114 specialty stores, two major automobile dealers, a national distributor of foodservice equipment and supplies, two leading grocery/drug stores, and several large retail strip centers. Heavily dependent on sales tax receipts (state shared and local non-home rule), the Village largest revenue source grew by approximately .7% during the year indicating continued strengthening in the local economy. In addition, in the upcoming fiscal year, the Village should continue to see growth in its local sales tax revenue as the voters of North Riverside passed of a sales tax referendum increasing the Village's non-home rule sales tax rate from ½% to 1%. Collection of this new tax will begin in July, 2006.

A portion of North Riverside's revenues is also received from State income tax distributions, which are allocated to Illinois communities on a per-capita basis each month. The State unemployment rate has impacted the Village's receipt of these state-shared revenues over the past several years. The State average unemployment rate for calendar year 2006 as of August, 2006 was 4.6% and shows some improvement in State unemployment levels. As a result, the Village's receipt of State income taxes has shown positive growth for the second consecutive year, reflecting a 12.8% increase from fiscal year 2005, however, state shared revenues still remain slightly below (3%) the 2001 levels.

<u>Calendar Year</u>	<u>State Unemployment Rate</u>
2006*	4.70%
2005	5.7%
2004	6.2%
2003	6.7%
2002	6.5%
2001	5.4%
2000	4.5%

\* Rate reflected as of August, 2006.

One of the largest fiscal challenges facing the Village is funding of the Village's police and firefighters' pension funds. With the passage of the increased local sales tax rate, the Mayor and Village Board have made the funding the pension plans in the upcoming fiscal years their highest priority. In fact, double pension payments have been budgeted in fiscal year 2007 to accomplish this goal.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Management's Discussion and Analysis (Continued)**

**April 30, 2006**

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**REQUESTS FOR INFORMATION**

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 funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Village Treasurer, Village of North Riverside, 2401 S. Desplaines Avenue, North Riverside, Illinois 60546.

## **BASIC FINANCIAL STATEMENTS**

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

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

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Statement of Net Assets  
April 30, 2006**

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**See Following Page**

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Statement of Net Assets  
April 30, 2006**

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 791,929	\$ 393,815	\$ 1,185,744
Receivables - Net			
Property Taxes	366,306	-	366,306
Accounts	142,322	248,841	391,163
Accrued Interest	3,746	-	3,746
Other	58,433	-	58,433
Prepays and Inventories	46,976	-	46,976
Due from Other Governments	1,736,495	-	1,736,495
	<u>3,146,207</u>	<u>642,656</u>	<u>3,788,863</u>
<b>Capital Assets</b>			
Nondepreciable	2,652,597	215,500	2,868,097
Depreciable	12,089,896	2,895,430	14,985,326
Accumulated Depreciation	(7,086,234)	(774,446)	(7,860,680)
	<u>7,656,259</u>	<u>2,336,484</u>	<u>9,992,743</u>
Total Assets	<u>10,802,466</u>	<u>2,979,140</u>	<u>13,781,606</u>

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

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	324,959	69,579	394,538
Accrued Payroll	45,228	4,599	49,827
Interest Payable	8,787	-	8,787
Deposits Payable	213,889	47,538	261,427
Claims Payable	129,921	-	129,921
Unearned Revenues	804,083	2,250	806,333
Current Portion of Long-Term Debt	414,217	10,726	424,943
	<u>1,941,084</u>	<u>134,692</u>	<u>2,075,776</u>
Noncurrent Liabilities			
Net Pension Obligation	3,144,141	-	3,144,141
Compensated Absences Payable	857,419	42,903	900,322
Installment Contracts Payable	6,035	-	6,035
General Obligation Bonds Payable	1,560,000	-	1,560,000
	<u>5,567,595</u>	<u>42,903</u>	<u>5,610,498</u>
Total Liabilities	<u>7,508,679</u>	<u>177,595</u>	<u>7,686,274</u>
<b>NET ASSETS</b>			
Invested in Capital Assets -			
Net of Related Debt	5,890,362	2,336,484	8,226,846
Restricted			
Debt Service	13,171	-	13,171
Public Safety	2,730	-	2,730
Unrestricted	(2,612,476)	465,061	(2,147,415)
Total Net Assets	<u>\$ 3,293,787</u>	<u>\$ 2,801,545</u>	<u>\$ 6,095,332</u>

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

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Statement of Activities  
Year Ended April 30, 2006

	Expenses	Program Revenues	
		Charges for Services	Capital Grants/Contribution
Primary Government			
Governmental Activities			
General Government	\$ 665,178	\$ 371,793	\$ -
Public Safety	8,238,866	553,477	158,845
Culture and Recreation	912,553	433,903	-
Public Works	1,202,431	17,828	-
Building, Health and Zoning	194,015	314,061	-
Sanitation	493,499	239,831	-
Interest on Long-Term Debt	100,921	-	-
Total Governmental Activities	<u>11,807,463</u>	<u>1,930,893</u>	<u>158,845</u>
Business-Type Activities			
Water	<u>1,502,286</u>	<u>1,196,432</u>	<u>-</u>
	<u>\$ 13,309,749</u>	<u>\$ 3,127,325</u>	<u>\$ 158,845</u>

General Revenues

Taxes

Property

Municipal and Non-Home

Rule Sales

Telecommunication

Utility

Other

Intergovernmental - Unrestricted

Income Tax

Replacement Tax

Local Use Tax

Other Taxes

Investment Earnings

Miscellaneous

Change in Net Assets

Net Assets - Beginning as Restated

Net Assets - Ending

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

Net Expense/Revenue		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (293,385)	\$ -	\$ (293,385)
(7,526,544)	-	(7,526,544)
(478,650)	-	(478,650)
(1,184,603)	-	(1,184,603)
120,046	-	120,046
(253,668)	-	(253,668)
(100,921)	-	(100,921)
(9,717,725)	-	(9,717,725)

-	(305,854)	(305,854)
\$ (9,717,725)	\$ (305,854)	\$ (10,023,579)

\$ 745,003	\$ -	\$ 745,003
6,576,083	-	6,576,083
277,393	-	277,393
504,114	-	504,114
5,296	-	5,296
511,044	-	511,044
40,915	-	40,915
80,587	-	80,587
196,797	-	196,797
32,138	-	32,138
131,475	92,154	223,629
9,100,845	92,154	9,192,999
(616,880)	(213,700)	(830,580)
3,910,667	3,015,245	6,925,912
\$ 3,293,787	\$ 2,801,545	\$ 6,095,332

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

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Governmental Funds - Balance Sheet  
April 30, 2006

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	<u>General</u>
<b>ASSETS</b>	
Cash and Investments	\$ 139,801
Receivables - Net of Allowances	
Property Taxes	245,671
Accounts	58,037
Accrued Interest	3,746
Other	58,433
Due from Other Funds	679,386
Due from Other Governments	1,736,495
Prepays	14,915
Inventories	<u>13,536</u>
 Total Assets	 <u>\$ 2,950,020</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts Payable	\$ 278,398
Accrued Payroll	45,228
Deposits Payable	183,942
Unearned Revenues	563,473
Due to Other Funds	988,439
Total Liabilities	<u>2,059,480</u>
Fund Balances	
Reserved - Prepays	14,915
Reserved - Inventories	13,536
Reserved - Debt Service	-
Reserved - Public Safety	2,730
Unreserved - General	859,359
Total Fund Balances	<u>890,540</u>
 Total Liabilities and Fund Balances	 <u>\$ 2,950,020</u>

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

Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental Funds
\$ 141,933	\$ -	\$ 510,195	\$ 791,929
120,635	-	-	366,306
-	7,500	66,636	132,173
-	-	-	3,746
-	-	-	58,433
-	-	-	679,386
-	-	-	1,736,495
-	-	15,325	30,240
-	-	-	13,536
<b>\$ 262,568</b>	<b>\$ 7,500</b>	<b>\$ 592,156</b>	<b>\$ 3,812,244</b>
\$ -	\$ -	\$ 44,131	\$ 322,529
-	-	-	45,228
-	-	29,947	213,889
240,610	-	-	804,083
-	679,386	-	1,667,825
<b>240,610</b>	<b>679,386</b>	<b>74,078</b>	<b>3,053,554</b>
-	-	-	14,915
-	-	-	13,536
21,958	-	-	21,958
-	-	-	2,730
-	(671,886)	518,078	705,551
<b>21,958</b>	<b>(671,886)</b>	<b>518,078</b>	<b>758,690</b>
<b>\$ 262,568</b>	<b>\$ 7,500</b>	<b>\$ 592,156</b>	<b>\$ 3,812,244</b>

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to the  
Statement of Net Assets - Governmental Activities**

**April 30, 2006**

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<b>Total Governmental Fund Balances</b>	<b>\$ 758,690</b>
 Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	7,656,259
Internal service funds are used by the Village to charge the costs of health insurance and working cash to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	869,437
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net Pension Obligation Payable	(3,144,141)
Compensated Absences Payable	(1,071,774)
Installment Contracts Payable	(55,897)
General Obligation Bonds Payable	(1,710,000)
Accrued Interest Payable	<u>(8,787)</u>
 <b>Net Assets of Governmental Activities</b>	 <b><u>\$ 3,293,787</u></b>

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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**See Following Page**

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

	<u>General</u>
<b>Revenues</b>	
Taxes	\$ 7,856,068
Licenses and Permits	586,694
Intergovernmental	833,643
Charges for Services	752,502
Fines and Forfeits	236,398
Investment Earnings	32,118
Miscellaneous	131,209
Total Revenues	<u>10,428,632</u>
<b>Expenditures</b>	
Current	
General Government	558,197
Public Safety	7,248,071
Culture and Recreation	896,782
Public Works	869,509
Building, Health and Zoning	194,015
Sanitation	-
Capital Outlay	-
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>9,766,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>662,058</u>
<b>Other Financing Sources (Uses)</b>	
Transfers In	-
Transfers Out	(655,000)
	<u>(655,000)</u>
<b>Net Change in Fund Balances</b>	7,058
<b>Fund Balances - Beginning</b>	<u>883,482</u>
<b>Fund Balances - Ending</b>	<u>\$ 890,540</u>

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

Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental Funds
\$ 246,525	\$ -	\$ 5,296	\$ 8,107,889
-	-	-	586,694
-	-	196,797	1,030,440
-	-	313,047	1,065,549
-	-	-	236,398
-	-	20	32,138
-	-	266	131,475
246,525	-	515,426	11,190,583
-	-	-	558,197
-	-	67,381	7,315,452
-	-	-	896,782
-	-	173,636	1,043,145
-	-	-	194,015
-	-	493,499	493,499
-	88,978	-	88,978
145,000	45,839	-	190,839
99,307	3,007	-	102,314
244,307	137,824	734,516	10,883,221
2,218	(137,824)	(219,090)	307,362
-	214,000	255,000	469,000
-	-	-	(655,000)
-	214,000	255,000	(186,000)
2,218	76,176	35,910	121,362
19,740	(748,062)	482,168	637,328
\$ 21,958	\$ (671,886)	\$ 518,078	\$ 758,690

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Activities**

**Year Ended April 30, 2006**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 121,362</b>
 Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlays	14,014
Depreciation Expense	(431,528)
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Additions to Net Pension Obligation Payable	(660,914)
Additions to Compensated Absences Payable	(86,650)
Retirement of Debt	190,839
 Changes to Accrued Interest on Long-Term Debt in the Statement of Activities does not Require the use of Current Financial Resources and, therefore, are not Reported as Expenditures in the Governmental Funds.	
	1,393
 Internal service funds are used by the Village to charge the costs of health insurance and working cash to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	
	<u>234,604</u>
 <b>Changes in Net Assets of Governmental Activities</b>	 <b><u><u>\$ (616,880)</u></u></b>

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Statement of Net Assets - Proprietary Funds  
April 30, 2006**

	Business-Type Activities - Enterprise <u>Water</u>	Governmental Activities <u>Internal Service</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 393,815	\$ -
Receivables - Accounts	248,841	10,149
Due from Other Funds	-	988,439
Prepays	-	3,200
	<u>642,656</u>	<u>1,001,788</u>
Capital Assets		
Nondepreciable	215,500	-
Depreciable	2,895,430	-
Accumulated depreciation	(774,446)	-
	<u>2,336,484</u>	<u>-</u>
Total Assets	<u>2,979,140</u>	<u>1,001,788</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	69,579	2,430
Accrued Payroll	4,599	-
Deposits Payable	47,538	-
Unearned Revenues	2,250	-
Claims Payable	-	129,921
Compensated Absences Payable	10,726	-
	<u>134,692</u>	<u>132,351</u>
Long-Term Liabilities		
Compensated Absences Payable	42,903	-
Total Liabilities	<u>177,595</u>	<u>132,351</u>
<b>NET ASSETS</b>		
Invested in Capital Assets - Net of Related Debt	2,336,484	-
Unrestricted	465,061	869,437
Total Net Assets	<u>\$ 2,801,545</u>	<u>\$ 869,437</u>

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

	Business-Type Activities - Enterprise <u>Water</u>	Governmental Activities <u>Internal Service</u>
Operating Revenues		
Charges for Services	\$ 1,196,432	\$ 1,607,271
Operating Expenses		
Administration	-	33,027
Operations	1,437,075	1,525,640
Depreciation and Amortization	65,211	-
Total Operating Expenses	<u>1,502,286</u>	<u>1,558,667</u>
Operating Income (Loss)	<u>(305,854)</u>	<u>48,604</u>
Nonoperating Revenues		
Transfer In	-	186,000
Other Income	92,154	-
	<u>92,154</u>	<u>186,000</u>
Change in Net Assets	(213,700)	234,604
Net Assets - Beginning	<u>3,015,245</u>	<u>634,833</u>
Net Assets - Ending	<u>\$ 2,801,545</u>	<u>\$ 869,437</u>

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

	Business-Type Activities - Enterprise <u>Water</u>	Governmental Activities <u>Internal Service</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers and Users	\$ 1,579,429	\$ -
Payments to Suppliers	(960,476)	-
Payments to Employees	(462,480)	-
Net Change in Cash and Cash Equivalents	156,473	-
<b>Cash and Cash Equivalents</b>		
Beginning of Year	237,342	-
End of Year	\$ 393,815	\$ -
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ (305,854)	\$ 48,604
Adjustments to Reconcile Operating Income Income to Net Cash		
Provided by (used in) Operating Activities:		
Transfer In	-	186,000
Other Income	92,154	-
Depreciation and Amortization Expense	65,211	-
(Increase) Decrease in Current Assets	290,843	(129,563)
Increase (Decrease) in Current Liabilities	14,119	(105,041)
Net Cash Provided by Operating Activities	\$ 156,473	\$ -

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Fiduciary Funds - Statement of Net Assets  
April 30, 2006**

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	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,971,225
Investments	
U.S. Government and Agency Obligations	11,139,067
Mutual Funds	4,020,767
Insurance Contracts	606,735
Common Stock	3,276,725
Receivables	
Accounts	26,094
Accrued Interest	<u>77,206</u>
 Total Assets	 21,117,819
<b>LIABILITIES</b>	
 Accounts Payable	 <u>5,596</u>
<b>NET ASSETS</b>	
 Held in Trust for Pension Benefits (A Schedule of Funding Progress is Presented Following the Notes to the Financial Statements)	   <u><u>\$ 21,112,223</u></u>

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

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Fiduciary Funds - Statement of Changes in Net Assets  
Year Ended April 30, 2006

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	Pension Trust
Additions	
Contributions - Employer	\$ -
Contributions - Employee	320,847
Total Contributions	<u>320,847</u>
Investment Income	
Interest Earned	814,736
Net Change in Fair Value	883,202
	<u>1,697,938</u>
Less Investment Expenses	81,562
	<u>1,616,376</u>
Total Additions	<u>1,937,223</u>
Deductions	
Administration	15,238
Benefits and Refunds	1,103,641
Total Deductions	<u>1,118,879</u>
Change in Net Assets	818,344
Net Assets - Beginning	<u>20,293,879</u>
Net Assets - Ending	<u><u>\$ 21,112,223</u></u>

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

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Notes to the Financial Statements  
April 30, 2006

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VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Notes to the Financial Statements  
April 30, 2006

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# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Notes to the Financial Statements

April 30, 2006

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of North Riverside is a municipal corporation governed by an elected President and six-member Board of Trustees. The Village's major operations include police protection and fire safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, water and sanitation services, and general administrative services.

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

### REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of North Riverside
Blended Component Units:	Police Pension Employees Retirement System Firefighters' Pension Employees Retirement System

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

*Blended Component Units* - Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Village Board or the Component unit provides services entirely to the Village. These component units' funds are blended into those of the Village's by appropriate activity type to compose the primary government presentation.

### Blended Component Units

#### Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board.

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Notes to the Financial Statements

April 30, 2006

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

##### REPORTING ENTITY – Continued

##### Blended Component Units – Continued

##### Police Pension Employees Retirement System – Continued

The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a pension trust fund.

##### Firefighters' Pension Employees Retirement System

The Village's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a nine-member pension board. The Village's President, Treasurer, Clerk, Attorney and Fire Chief, one elected pension beneficiary and three elected firefighters constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's sworn firefighters. The FPERS is reported as a pension trust fund.

#### BASIS OF PRESENTATION

##### Government-Wide Statements

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

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

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

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

##### BASIS OF PRESENTATION – Continued

##### Government-Wide Statements – Continued

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.) The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc).

The Village allocates indirect costs to other funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid for through the General Fund.

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

##### Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Notes to the Financial Statements

April 30, 2006

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

#### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

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

##### Governmental Funds

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

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

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains four nonmajor special revenue funds.

**Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and is used to account for the accumulation of resources and payment of general obligation bond and installment contract principal and interest from governmental resources.

**Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Projects Fund is treated as a major fund and is used to account for resources to be used for infrastructure improvements and the acquisition or construction of major capital assets other than those financed by proprietary funds.

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Notes to the Financial Statements

April 30, 2006

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

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Proprietary Funds

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

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

**Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Village on a cost-reimbursement basis. The Village maintains two internal service funds, the Working Cash Fund and the Health Insurance Fund. The Working Cash Fund is used to account for transactions related to working cash loans provided to other funds. The Health Insurance Fund is used to account for all of the diverse health and term insurance purchases for the government with the costs allocated to the other funds and departments on a per employee basis.

##### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

**Pension Trust Funds** are used to account for assets held in a trustee capacity for pension benefit payments. The Police and Firefighters' Pension Funds account for money received from nonenterprise fund sources and held by a governmental unit in the capacity of trustee for individuals, entities and nonpublic organizations. The pension trust funds' assets, by definition, are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, therefore, these funds are not incorporated into the government-wide statements.

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Notes to the Financial Statements April 30, 2006

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

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

##### Measurement Focus

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

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

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

##### Basis of Accounting

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

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

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Notes to the Financial Statements

April 30, 2006

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

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

###### Basis of Accounting – Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales, non-home rule sales, simplified telecommunication, motor fuel taxes collected or due, franchise fees, amusement taxes, utility taxes licenses, investment earnings, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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

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

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

###### Cash and Investments

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

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

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

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are amounts provided with a requirement of repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings, and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are reported as internal balances in the government-wide Statement of Net Assets, except for amounts between similar activities, which have been eliminated.

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Notes to the Financial Statements

April 30, 2006

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

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

##### Interfund Receivables, Payables and Activity – Continued

Services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the fund Balance Sheets or fund Statements of Net Assets. Reimbursements repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Transfers are flows of assets (such as cash or goods) without equivalent flows of assets in return and without the requirement of repayment. In governmental funds, transfers are reported as other financing uses in the fund making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers in/out are reported as a separate category after non-operating revenues and expenses.

##### Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

##### Prepays

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

##### Receivables

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

##### Capital Assets

Capital assets purchased or acquired with an original cost of \$25,000 to \$250,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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

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

**Capital Assets – Continued**

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

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

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

Land Improvements	15 – 20 Years
Buildings	45 Years
Building Improvements	10 – 30 Years
Vehicles	3 – 10 Years
Machinery and Equipment	5 – 30 Years
Computers	4 Years
Furniture and Fixtures	5 – 20 Years
Infrastructure	20 – 50 Years

**Compensated Absences**

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Notes to the Financial Statements April 30, 2006

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

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

##### Long-Term Obligations – Continued

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

##### Unearned Revenue

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

##### Fund Equity

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

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

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

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

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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

**BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue (except the foreign fire insurance fund), debt service, capital projects, enterprise and internal service funds. Operating budgets are adopted for the pension trust funds. All annual appropriations lapse at fiscal year end.

All departments of the Village submit requests for appropriation to the Village Administrator and Treasurer so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The Village Administrator and Treasurer are authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, supplementary appropriations were made and are reflected in the financial statements.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is not used.

**DEFICIT FUND EQUITY**

The following funds had deficit fund equity for the fiscal year.

<u>Fund</u>	<u>Deficit</u>
Capital Projects	\$ 671,886

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Notes to the Financial Statements

April 30, 2006

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

##### DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund. The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net assets. Pension funds of at least 5 million that have appointed an investment advisor may, through that investment advisor, invest up to thirty-five percent of the plan's net assets in common and preferred stocks that meet specific restrictions.

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

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

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$191,766 and the bank balances totaled \$376,932.

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Notes to the Financial Statements  
April 30, 2006

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Investments.* The Village has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Federal Home Loan Bank	\$ 124,926	\$ -	\$ 124,926
Federal Home Loan Mortgage Corp	248,565	-	248,565
Federal National Mortgage Association	99,500	-	99,500
Illinois Funds	520,987	520,987	-
	<u>\$ 993,978</u>	<u>\$ 520,987</u>	<u>\$ 472,991</u>

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village’s investment policy states that it will mitigate interest rate risk by structuring the investment portfolio so that securities mature concurrently to meet cash requirements of the Village’s ongoing operations, thereby, eliminating the need to sell securities on the open market prior to maturity, and investing operating fund primarily in shorter-term securities, money market mutual funds or similar investment pools. Specifically, the investment policy states that unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than five years from the date of purchase. Reserve funds and other funds with longer-term cash flow requirements may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village’s investment policy mitigates credit risk by limiting investments to the safest types of securities, by pre-qualifying all financial institutions, brokers/dealers, intermediaries and advisors with which the Village conducts business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. At year-end, the Village’s U.S. Agency securities are all rated AAA by Standard & Poor’s, and the Village’s investment in the Illinois Funds is rated AAAM by Standard & Poor’s.

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

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

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

##### DEPOSITS AND INVESTMENTS – Continued

##### **Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires that any deposit in excess of Banking Insurance Fund and Savings Association Insurance Fund limits to be secured by some form of collateral. The Village will accept any of the following assets as collateral: U.S. Government Securities, Obligations of Federal Agencies, Obligations of Federal Instrumentalities, and Obligations of the State of Illinois. The fair market value of collateral provided will not be less than 110% of the bank balance of deposits, including accrued interest. Pledged collateral will be held in safekeeping by an independent third party acting as agent for the Village. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance. For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year-end, the Village's investments in U.S. Agency securities are all insured or registered with the Village or its agent in the Village's name and the Village's investment in the Illinois Funds is noncategorizable.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that the investment policy shall be diversified by: limiting investments to avoid over concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities, by limiting investment in securities that have higher credit risks, by investing in securities with varying maturities, and by continuously investing a portion of the portfolio in readily available funds such as local government investment pools (i.e. Illinois Funds) and money market mutual funds to ensure that appropriate liquidity is maintained to meet ongoing operating obligations. At year-end, the Village's investment in the Illinois Funds represents more than 5 percent of the total cash and investment portfolio.

##### **Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$522,120 and the bank balances totaled \$522,120.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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

**DEPOSITS AND INVESTMENTS – Continued**

**Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Note	\$ 586,466	\$ -	\$ 586,466	\$ -	\$ -
U.S. Treasury Bond	94,369	-	-	94,369	-
U.S. Treasury Strip	1,082,303	-	858,508	114,391	109,404
Federal Home Loan Bank	310,914	-	310,914	-	-
Federal Home Loan Mortgage Corp	1,096,449	-	512,274	319,460	264,715
Federal National Mortgage Association	2,851,785	235,072	743,107	530,522	1,343,084
Federal Farm Credit Bank	228,943	-	192,005	36,938	-
Government National Mortgage Association	343,539	-	-	-	343,539
	<b>\$ 6,594,768</b>	<b>\$ 235,072</b>	<b>\$ 3,203,274</b>	<b>\$ 1,095,680</b>	<b>\$ 2,060,742</b>

*Interest Rate Risk.* The Fund’s investment policy states that the investment portfolio will remain sufficiently liquid to enable the Fund to meet all operating requirements which might be reasonably anticipated.

*Credit Risk.* The Fund’s investment policy states that safety of principle is the foremost objective of the policy. Investments shall be undertaken in a manner that seeks to insure the preservation of capital. The Fund’s investment policy helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. At year-end, the Fund’s investments in U.S. Government and Agency securities were all rated AAA rated by Standard & Poor’s.

*Custodial Credit Risk.* The Fund’s investment policy does not mitigate custodial credit risk. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund’s investment in U.S. Government and Agency securities are categorized as insured, registered, or held by the Fund or its agent in the Fund’s name.

*Concentration Risk.* The Fund’s investment policy states that investments of the Fund shall be so diversified as to minimize the risk of large losses. Diversification is to be interpreted to include diversification by asset type, by characteristic and by number of investments.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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

**DEPOSITS AND INVESTMENTS – Continued**

**Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

Investment management of the Fund’s assets shall be in accordance with the following asset guidelines:

	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	25%	45%	35%
Fixed Income	45%	74%	63%
Cash and Equivalents	1%	15%	2%

At year-end, the Funds investments are in compliance with the guidelines outlined above. In addition to the securities and fair values listed above, the Fund also has \$4,020,767 invested in mutual funds and \$1,860,453 invested in common stock. At year-end, the Fund has over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in the Vanguard Fund of \$1,038,522 and the Artisan International Fund of \$677,218.

**Firefighters’ Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Fund’s deposits totaled \$1,071,189 and the bank balances totaled \$1,071,189.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Note	\$ 1,296,297	\$ -	\$ 1,296,297	\$ -	\$ -
U.S. Treasury Strip	1,666,625	-	-	838,130	828,495
Federal Home Loan Bank	464,530	-	-	464,530	-
Federal Home Loan Mortgage Corp	-	-	-	-	-
Federal National Mortgage Association	1,116,847	299,250	817,597	-	-
Illinois Funds	377,916	377,916	-	-	-
	<u>\$ 4,922,215</u>	<u>\$ 677,166</u>	<u>\$ 2,113,894</u>	<u>\$ 1,302,660</u>	<u>\$ 828,495</u>

*Interest Rate Risk.* The Fund’s investment policy states that the investment portfolio shall remain sufficiently liquid to enable the Pension Board to meet all operating requirements, insurance premiums and settlements of claims which may be reasonably anticipated.

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Notes to the Financial Statements

April 30, 2006

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

#### DEPOSITS AND INVESTMENTS – Continued

##### Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Credit Risk.* The Fund's investment policy states that safety of principal is considered the foremost priority of the Pension Board. With each investment that is made the Board shall make a prudent effort to avoid capital losses, whether they be from default or erosion of market values. At year-end, the Fund's investment in U.S. Treasury and Agency securities were all rated AAA rated by Standard & Poor's. Standard & Poor's rated the Fund's investment in the Illinois Funds AAAM.

*Custodial Credit Risk.* The Fund's investment policy states that all funds on deposit in banks in excess of FDIC limits be secured by some form of collateral. Direct investments guaranteed by the United States government do not require collateral. The Fund shall accept any of the following securities as collateral: negotiable full-faith and credit obligations of the United States government, and negotiable obligations of any agency or instrumentality of the United States government. The amount of collateral will not be less than 110% of the fair market value of the net amount of funds secured. Pledged collateral will be held in safekeeping and evidenced by a safekeeping agreement. All investments of the Fund shall be clearly held and accounted for to indicate ownership by the Board. The Fund will direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a state bank, national bank or trust company authorized to do business in the State of Illinois. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund's investment in U.S. Treasury and Agency securities are categorized as insured, registered, or held by the Fund or its agent in the Fund's name. The Fund's investment in the Illinois Funds is noncategorizable.

*Concentration Risk.* The Fund's investment policy states no financial institution shall hold more than 50% of the Fund's portfolio at the current time of investment placement, exclusive of securities held in safekeeping with the Trust Department of the financial institution. The following are suggested limits of holdings for the Fund:

Cash, Illinois Funds, NOW Accounts	0%	to	50%
GNMA Securities	0%	to	30%
Other Agencies	0%	to	75%
Strips (Zero Coupon Securities)	0%	to	70%
Full Faith & Credit – U.S. Govt.	10%	to	100%
Certificates of Deposit	0%	to	10%
Guaranteed Investment Contracts/Insurance Separate Accounts	0%	to	10%
Equity Investments	0%	to	35%

At year-end, the Fund is in compliance with the guideline outlined above. In addition to the securities and fair values listed above, the Fund also has \$4,544,299 invested in mutual funds, \$606,735 invested in insurance contracts and \$1,416,272 invested in common stock. At year-end, the Fund has over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Oakmark Funds of \$926,754 and JP Morgan Mid Cap Value Fund of \$489,518.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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

**PROPERTY TAXES**

Property taxes for 2005 attach as an enforceable lien on January 1, 2005, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2006 and July 1, 2006, and are payable in two installments, on or about March 1, 2006, and September 1, 2006. The County collects such taxes and remits them periodically. The 2005 levy was adopted in December 2005 and the uncollected amount at April 30 is recorded as a receivable with the full levy recorded as deferred revenues since it is intended to finance the Village’s subsequent fiscal year. The 2006 tax levy, which attached as an enforceable lien on property as of January 1, 2006, has not been recorded as a receivable as of April 30, 2006, as the tax has not yet been levied by the Village and will not be levied until December 2006, and, therefore, the levy is not measurable at April 30, 2006.

**CAPITAL ASSETS**

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

	Beginning Balances			Ending Balances
	As Restated	Increases	Decreases	
Capital Assets - Nondepreciable				
Land	\$ 2,638,583	\$ 14,014	\$ -	\$ 2,652,597
Depreciable Capital Assets				
Buildings and Improvements	7,964,185	-	-	7,964,185
Vehicles	1,924,902	-	-	1,924,902
Equipment and Furniture	2,200,809	-	-	2,200,809
	12,089,896	-	-	12,089,896
Less Accumulated Depreciation				
Buildings and Improvements	3,675,646	176,805	-	3,852,451
Vehicles	1,255,615	156,988	-	1,412,603
Equipment and Furniture	1,723,445	97,735	-	1,821,180
	6,654,706	431,528	-	7,086,234
Total Depreciable Capital Assets	5,435,190	(431,528)	-	5,003,662
Total Capital Assets	\$ 8,073,773	\$ (417,514)	\$ -	\$ 7,656,259

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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

**CAPITAL ASSETS – Continued**

**Governmental Activities – Continued**

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 68,935
Public Safety	262,500
Culture and Recreation	15,771
Public Works	84,322
	<u>431,528</u>
	<u>\$ 431,528</u>

**Business-Type Activities**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets - Nondepreciable				
Land	\$ 215,500	\$ -	\$ -	\$ 215,500
Depreciable Capital Assets				
Buildings	187,982	-	-	187,982
Water System	2,652,750	-	-	2,652,750
Vehicles	54,698	-	-	54,698
	<u>2,895,430</u>	-	-	<u>2,895,430</u>
Less Accumulated Depreciation				
Buildings	11,750	4,700	-	16,450
Water System	642,787	60,511	-	703,298
Vehicles	54,698	-	-	54,698
	<u>709,235</u>	<u>65,211</u>	-	<u>774,446</u>
Total Depreciable Capital Assets	<u>2,186,195</u>	<u>(65,211)</u>	-	<u>2,120,984</u>
Total Capital Assets	<u>\$ 2,401,695</u>	<u>\$ (65,211)</u>	-	<u>\$ 2,336,484</u>

Depreciation expense of \$65,211 was charged to the water business-type activity.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Interfund Balances**

The composition of interfund balances as of the date of this report, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	\$ 679,386
Health Insurance	General	119,414
Working Cash	General	<u>869,025</u>
		<u>\$ 1,667,825</u>

Interfund balances are advances in anticipation of receipts.

**Interfund Transfers**

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Refuse	General	\$ 255,000
Capital Projects	General	214,000
Health Insurance	General	<u>186,000</u>
		<u>\$ 655,000</u>

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued**

**Interfund Transfers**

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

**LONG-TERM DEBT**

**Installment Contracts**

The Village has established installment contracts payable as follows:

Issue	Fund Debt Retired By	Balances May 1	Issuances	Retirements	Balances April 30
\$120,000 installment contract payable, dated June 27, 2003, due in annual installments of \$42,391, including interest at 2.96% through July 11, 2006	Capital Projects	\$ 81,161	\$ -	\$ 37,447	\$ 43,714
\$25,555 installment contract payable, dated July 12, 2004, due in annual installments of \$3,537 to \$8,996, including interest at 3.50% through August 25, 2007	Capital Projects	20,575	-	8,392	12,183
		<u>\$ 101,736</u>	<u>\$ -</u>	<u>\$ 45,839</u>	<u>\$ 55,897</u>

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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

**LONG-TERM DEBT – Continued**

**General Obligation Bonds**

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

Issue	Fund Debt Retired By	Balances May 1	Issuances	Retirements	Balances April 30
\$2,415,000 General Obligation (Alternate Revenue Source) Bonds, Series 2000A, due in annual installments of \$50,000 to \$235,000 plus interest at 4.65% to 5.60% through April 1, 2015.	Debt Service	\$ 1,855,000	\$ -	\$ 145,000	\$ 1,710,000

**Long-Term Liability Activity**

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Net Pension Obligation	\$ 2,483,227	\$ 660,914	\$ -	\$ 3,144,141	\$ -
Compensated Absences	985,124	173,300	86,650	1,071,774	214,355
Installment Contracts	101,736	-	45,839	55,897	49,862
General Obligation Bonds	1,855,000	-	145,000	1,710,000	150,000
	<u>\$ 5,425,087</u>	<u>\$ 834,214</u>	<u>\$ 277,489</u>	<u>\$ 5,981,812</u>	<u>\$ 414,217</u>
<b>Business-type Activities</b>					
Compensated Absences	\$ 46,925	\$ 13,408	\$ 6,704	\$ 53,629	\$ 10,726

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Notes to the Financial Statements April 30, 2006

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

#### LONG-TERM DEBT – Continued

##### Long-Term Liability Activity – Continued

Payments on the net pension obligation are made by the General Fund. The Capital Projects Fund make payments on the installment contracts. Payments on the general obligation bonds are made by the Debt Service Fund. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

##### Debt Service Requirements to Maturity

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

Fiscal Year Ending April 30	Governmental Activities			
	General Obligation Bonds		Installment Contracts	
	Principal	Interest	Principal	Interest
2007	\$ 150,000	\$ 91,912	\$ 49,862	\$ 256
2008	160,000	84,188	6,035	43
2009	170,000	75,867	-	-
2010	180,000	66,943	-	-
2011	185,000	57,402	-	-
2012	200,000	47,505	-	-
2013	210,000	36,705	-	-
2014	220,000	25,260	-	-
2015	235,000	13,160	-	-
	<u>\$ 1,710,000</u>	<u>\$ 498,942</u>	<u>\$ 55,897</u>	<u>\$ 299</u>

##### Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979".

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Notes to the Financial Statements  
April 30, 2006

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

### LONG-TERM DEBT – Continued

#### Legal Debt Margin – Continued

Assessed Valuation - 2005	<u>\$ 321,967,944</u>
Bonded Debt Limit - 8.625% of Assessed Value	27,769,735
Amount of Debt Applicable to Limit	<u>1,710,000</u>
Legal Debt Margin	<u>\$ 26,059,735</u>

## NETASSETS RESTATEMENTS

Beginning net assets of \$3,610,667 for the governmental activities were increased by \$300,000 to reflect an error in recognition of land values in the prior year.

## NOTE 4 – OTHER INFORMATION

### RISK MANAGEMENT

The Village participates in the Municipal Insurance Cooperative Agency (MICA). MICA is a public entity risk pool whose members are Illinois municipalities. Each member is represented on the governing board of MICA, who are responsible for the operation of the pool. MICA manages and funds first party property losses, third party liability claims, workers' compensation claims and public officials' liability claims of its members. Each member is responsible for the first \$1,000 per claim with MICA responsible for the remainder – subject to certain limits. The Village's payments to MICA are displayed on the financial statements as expenditures/expenses in appropriate funds. The Village is not aware of any additional contributions required by MICA at of April 30, 2006 for prior claim years.

The Village has established a Health Insurance Fund (an internal service fund) to account for the self-insured health insurance provided to current, disabled and retired employees. The Village has purchased specific and aggregate excess coverage policies to limit its exposure to these risks. The specific coverage limits losses to \$50,000 per person per policy year and the aggregate limit of all losses is \$1,752,991 per policy year.

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Notes to the Financial Statements

April 30, 2006

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### NOTE 4 – OTHER INFORMATION – Continued

#### RISK MANAGEMENT – Continued

Each participating fund makes payments to the Health Insurance Fund for amounts which are determined based on historical trends and current occurrences. Such payments are displayed on the financial statements as revenues and expenditures/expenses (quasi-external transactions). A liability for claims incurred as well as claims incurred but not yet reported has been reported in the internal service Health Insurance Fund as claims payable based on claims paid and historical experience. A reconciliation of claims payable for the fiscal years 2006 and 2005 is as follows:

	Year Ended April 30	
	2006	2005
Claims Payable - Beginning	\$ 134,960	\$ 113,463
Incurred Claims	338,120	1,288,368
Claims Paid	<u>(343,159)</u>	<u>(1,266,871)</u>
Claims Payable - Ending	<u>\$ 129,921</u>	<u>\$ 134,960</u>

#### POSTEMPLOYMENT BENEFITS

In addition to provided pension benefits, the Village provides postemployment health care and life insurance benefits, in accordance with the personnel policy manual, to all employees who have retired or have disability leave. Currently, 34 retirees and disabled employees meet those eligibility requirements. The Village pays approximately 75 percent of the cost of health and life insurance for the employees. Expenditures for postemployment health care and life insurance benefits are recognized as insurance premiums are paid. Accordingly, no liability has been recorded for postemployment health care benefits. During the year, expenditures of approximately \$121,932 were recognized for postemployment benefits.

#### CONTINGENT LIABILITIES

##### Litigation

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

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Notes to the Financial Statements

April 30, 2006

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#### NOTE 4 – OTHER INFORMATION – Continued

##### CONTINGENT LIABILITIES – Continued

###### Grants

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

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

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan, which is also a single-employer pension plan. Separate reports are issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the Village at 2401 South DesPlaines Avenue, North Riverside, Illinois 60546. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

##### Plan Descriptions, Provisions and Funding Policies

###### Illinois Municipal Retirement System

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

Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer rate for calendar year 2005 was 12.65 percent.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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**NOTE 4 – OTHER INFORMATION – Continued**

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

**Plan Descriptions, Provisions and Funding Policies – Continued**

**Police Pension Plan**

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At fiscal year end the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	17
Current Employees Vested and Nonvested	<u>28</u>
	<u>45</u>

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2033 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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**NOTE 4 – OTHER INFORMATION – Continued**

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

**Plan Descriptions, Provisions, and Funding Policies – Continued**

**Firefighters' Pension Plan**

The Firefighters' Pension Plan is a single-employer defined pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At fiscal year end the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	12
Current Employees Vested and Nonvested	<u>20</u>
	<u><u>32</u></u>

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank at the date of retirement. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2033 the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

# VILLAGE OF NORTH RIVERSIDE, ILLINOIS

## Notes to the Financial Statements

April 30, 2006

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Plan Descriptions, Provisions, and Funding Policies – Continued

##### Summary of Significant Accounting Policies and Plan Asset Matters

###### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

###### Method Used to Value Investments

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

###### Significant Investments

There are no significant investments (other than U.S. Government - guaranteed obligations) in any one organization that represent 5 percent or more of plan net assets available for benefits for either the Police or Firefighters' Pension Plans, except as listed below. Information for IMRF is not available.

Plan	Organization	Amount
Police Pension	Vanguard Fund	\$ 1,038,522
Police Pension	Artisan International Fund	677,218
Firefighters' Pension	Oakmark Funds	926,754
Firefighters' Pension	JP Morgan Mid Cap Value Fund	489,518

###### Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

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**NOTE 4 – OTHER INFORMATION – Continued**

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

**Annual Pension Cost and Net Pension Obligation**

The pension liability was determined in accordance with GASB Statement No. 27, “Accounting for Pensions by State and Local Governmental Employers.” There was no net pension obligation for the IMRF Plan. The amount of the pension liability for the Police Pension and Firefighters’ Pension plans are as follows:

	Police Pension	Firefighters' Pension	Total
Annual Required Contribution	\$ 379,791	\$ 204,945	\$ 584,736
Interest on the NPO	125,687	85,388	211,075
Adjustment to the ARC	(80,326)	(54,571)	(134,897)
Annual Pension Cost	425,152	235,762	660,914
Actual Contribution	-	-	-
Increase in the NPO	425,152	235,762	660,914
NPO Beginning of Year	1,478,666	1,004,561	2,483,227
NPO End of Year	<u>\$ 1,903,818</u>	<u>\$ 1,240,323</u>	<u>\$ 3,144,141</u>

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Notes to the Financial Statements**

**April 30, 2006**

**NOTE 4 – OTHER INFORMATION – Continued**

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

**Annual Pension Cost and Net Pension Obligation – Continued**

The Village annual required contribution for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	12.65%	0.00%	0.00%
Employee	4.50%	9.91%	9.46%
Annual Pension Cost	\$203,375	\$425,152	\$235,762
Contributions Made	\$203,375	\$0	\$0
Actuarial Valuation Date	12/31/2005	4/30/05	4/30/05
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	27 Years	28 Years	28 Years
Asset Valuation Method	5-Year Smoothed Market	Market	Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	8.50% Compounded Annually	8.50% Compounded Annually
Projected Salary Increases	.4 to 11.6%	5.00%	5.00%
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

**NOTE 4 – OTHER INFORMATION – Continued**

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

**Trend Information**

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

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2003	\$ 164,476	\$ 327,848	\$ 203,197
	2004	209,278	327,848	203,197
	2005	203,375	425,152	235,762
Actual Contributions	2003	\$ 164,476	\$ 184,462	\$ 61,528
	2004	209,278	196,489	133,660
	2005	203,375	-	-
Percentage of APC Contributed	2003	100.00%	56.26%	30.28%
	2004	100.00%	59.93%	65.78%
	2005	100.00%	0.00%	0.00%
Net Pension Obligation	2003	\$ -	\$ 1,478,666	\$ 1,004,561
	2004	-	1,478,666	1,004,561
	2005	-	1,903,818	1,240,323

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

- Schedule of Funding Progress
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund
  
- Employer Contributions
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund
  
- Budgetary Comparison Schedule – General Fund

### Notes to the Required Supplementary Information

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

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information  
 Schedule of Funding Progress  
 April 30, 2006

Actuarial Valuation Date January 1	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2000	\$ 3,634,040	\$ 3,376,098	107.64%	\$ (257,942)	\$ 1,248,976	-20.65%
2001	3,119,743	3,481,782	89.60%	362,039	1,447,650	25.01%
2002	2,918,228	3,600,612	81.05%	682,384	1,461,481	46.69%
2003	3,315,272	3,971,400	83.48%	656,128	1,476,442	44.44%
2004	3,678,155	4,621,461	79.59%	943,306	1,631,161	57.83%
2005	3,854,860	4,735,518	81.40%	880,658	1,607,708	54.78%

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Police Pension Fund

Required Supplementary Information  
 Schedule of Funding Progress  
 April 30, 2006

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2000	\$ 11,210,616	\$ 11,846,808	94.63%	\$ 636,192	\$ 1,597,702	39.82%
2001	11,236,159	13,320,669	84.35%	2,084,510	1,617,023	128.91%
2002	11,177,379	13,972,914	79.99%	2,795,535	1,691,710	165.25%
2003	11,130,659	15,505,008	71.79%	4,374,349	1,730,111	252.84%
2004	11,987,689	16,718,101	71.70%	4,730,412	1,851,273	255.52%
2005	12,294,223	17,941,601	68.52%	5,647,378	1,917,803	294.47%

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information  
 Schedule of Funding Progress  
 April 30, 2006

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2000	\$ 6,293,042	\$ 7,303,589	86.16%	\$ 1,010,547	\$ 1,014,149	99.64%
2001	7,169,690	7,997,118	89.65%	827,428	1,131,704	73.11%
2002	7,694,487	8,747,943	87.96%	1,053,456	1,148,440	91.73%
2003	8,095,829	9,447,319	85.69%	1,351,490	1,271,878	106.26%
2004	8,008,900	10,088,327	79.39%	2,079,427	1,342,697	154.87%
2005	7,999,656	10,926,310	73.21%	2,926,654	1,342,697	217.97%

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**

**Employer Contributions**

**April 30, 2006**

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<b>Calendar Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percent Contributed</b>
2000	\$ 93,548	\$ 93,548	100.00%
2001	85,267	85,267	100.00%
2002	94,996	94,996	100.00%
2003	164,476	164,476	100.00%
2004	209,278	209,278	100.00%
2005	203,375	203,375	100.00%

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information**

**Employer Contributions**

**April 30, 2006**

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<b>Year Ended April 30</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percent Contributed</b>
2001	\$ 103,338	\$ 142,153	72.69%
2002	144,268	183,283	78.71%
2003	144,143	279,108	51.64%
2004	184,462	379,791	48.57%
2005	-	406,110	0.00%
2006	-	474,683	0.00%

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Employer Contributions

April 30, 2006

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Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
2001	\$ 119,390	\$ 146,405	81.55%
2002	159,750	186,991	85.43%
2003	159,697	187,072	85.37%
2004	61,528	204,495	30.09%
2005	-	255,205	0.00%
2006	-	293,580	0.00%

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**General Fund**

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

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Taxes	\$ 8,215,500	\$ 8,215,500	\$ 7,856,068
Licenses and Permits	561,750	561,750	586,694
Intergovernmental	570,717	793,717	833,643
Charges for Services	687,000	712,000	752,502
Fines and Forfeits	216,600	216,600	236,398
Investment Earnings	40,275	40,275	32,118
Miscellaneous	107,300	107,300	131,209
<b>Total Revenues</b>	<b>10,399,142</b>	<b>10,647,142</b>	<b>10,428,632</b>
<b>Expenditures</b>			
General Government	606,250	604,250	558,197
Public Safety	7,182,667	7,347,017	7,248,071
Culture and Recreation	871,445	917,120	896,782
Public Works	1,037,649	1,022,349	869,509
Building, Health and Zoning	213,357	208,132	194,015
<b>Total Expenditures</b>	<b>9,911,368</b>	<b>10,098,868</b>	<b>9,766,574</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>487,774</b>	<b>548,274</b>	<b>662,058</b>
<b>Other Financing (Uses)</b>			
Transfers Out	(420,000)	(420,000)	(655,000)
<b>Net Change in Fund Balance</b>	<b>\$ 67,774</b>	<b>\$ 128,274</b>	<b>7,058</b>
<b>Fund Balance - Beginning</b>			<b>883,482</b>
<b>Fund Balance - Ending</b>			<b>\$ 890,540</b>

## **OTHER SUPPLEMENTARY INFORMATION**

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Combining Schedules – Enterprise Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Budgetary Comparison Schedules – Internal Service Fund
- Combining Schedules – Pension Trust Funds
- Combining Schedules – Fiduciary Funds
- Budgetary Comparison Schedules – Pension Trust Funds

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

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

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## **SPECIAL REVENUE FUNDS**

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

### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund is used to account for the improvements to streets and infrastructure and for the maintenance of streets and infrastructure. Financing is provided by the government's share of state gasoline taxes and any interest earnings. State law requires these gasoline taxes be used to maintain streets and associated infrastructure.

### **Refuse Fund**

The Refuse Fund is used to account for the government's provision to remove refuse, yard waste and recyclable materials. Financing is provided by charges for service and contributions from the General Fund. Funds are used to furnish waste pickup for all three activities.

### **911 Telephone Services Fund**

The 911 Telephone Services Fund is used to account for the emergency service provided through a centralized phone number (911). Financing is provided through charges added to each phone users monthly bill. Funds are used to provide equipment and telephone connections with the local phone company.

### **Foreign Fire Insurance Fund**

The Foreign Fire Insurance Fund is used to account for the expenditures of a 2% tax on premiums for fire insurance policies covering property in the Village that are sold by insurance companies not incorporated in Illinois.

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond and installment contract principal and interest from governmental resources.

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## **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for resources to be used for infrastructure improvements and the acquisition or construction of major capital assets other than those financed by proprietary funds.

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## **ENTERPRISE FUND**

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

### **Water Fund**

The Water Fund is used to account for resources used to provide services to the general public on a user charge basis exclusively for water supply.

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies other governmental unit, or to other governmental units, on a cost-reimbursement basis.

### **Working Cash Fund**

The Working Cash Fund is used to account for transactions related to working cash loans provided to other funds.

### **Health Insurance Fund**

The Health Insurance Fund is used to account for all of the diverse health and term insurance purchases for the government with the costs allocated to the other funds and departments on a per employee basis.

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## **TRUST AND AGENCY FUNDS**

### **PENSION TRUST FUNDS**

#### **Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by state statutes and by the government through a general fund contribution.

#### **Firefighters' Pension Fund**

The Firefighters' Pension Fund is used to account for the accumulation of resources to pay pension costs. Resources are contributed by fire personnel members at rates fixed by state statutes and by the government through a general fund contribution.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**General Fund**

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

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property	\$ 490,500	\$ 490,500	\$ 498,478
Municipal Sales	5,130,000	5,130,000	4,689,367
Non Home Rule Sales	1,895,000	1,895,000	1,886,716
Simplified Municipal Telecommunications	250,000	250,000	277,393
Utility	450,000	450,000	504,114
	<u>8,215,500</u>	<u>8,215,500</u>	<u>7,856,068</u>
<b>Licenses and Permits</b>			
Liquor Licenses	40,000	40,000	38,110
Vehicle Licenses	7,500	7,500	6,119
Business Licenses	155,000	155,000	161,362
Television Franchise Fee	50,000	50,000	52,831
Telephone Franchise Fee	15,000	15,000	19,701
Amusement Taxes	74,000	74,000	52,262
Building Permits	130,000	130,000	162,142
Electrical Permits	16,000	16,000	13,462
Contractor Registration	60,000	60,000	64,900
Other Licenses and Permits	14,250	14,250	15,805
	<u>561,750</u>	<u>561,750</u>	<u>586,694</u>
<b>Intergovernmental</b>			
State Income	425,000	500,000	511,044
Local Use	65,000	65,000	80,587
Personal Property Replacement	28,500	28,500	40,915
Fire and Police Training Reimbursement	500	500	523
Grants			
Badge	34,717	34,717	34,717
Bullet Proof Vests	-	900	911
ADAA/Byrne Federal Grant	-	6,400	6,469
Homeland Security Federal Grant	-	108,200	108,248
Other	-	8,500	8,500
FEMA Disaster Relief Reimbursement	-	24,000	23,901
IDOT Street Maintenance Reimbursement	17,000	17,000	17,828
	<u>570,717</u>	<u>793,717</u>	<u>833,643</u>

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**General Fund**

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

	Budget		Actual
	Original	Final	
<b>Charges for Services</b>			
Recreation Fees	\$ 395,000	\$ 420,000	\$ 433,903
Ambulance Fees	145,000	145,000	160,759
Advertising-Bus Shelter	15,000	15,000	14,853
Elevator Inspections	24,500	24,500	18,300
Pre-Sale Inspections	27,500	27,500	31,152
Sign Inspections	25,000	25,000	24,105
Security Alarm Connections	25,000	25,000	27,922
Fire Inspections	20,000	20,000	31,281
Other Charges for Services	10,000	10,000	10,227
	<u>687,000</u>	<u>712,000</u>	<u>752,502</u>
<b>Fines and Forfeitures</b>			
Circuit Court Fines	100,000	100,000	100,685
Parking and Compliance Fines	102,500	102,500	84,243
False Alarm Fines	14,100	14,100	25,050
Drug Seizure/Forefeitures	-	-	26,420
	<u>216,600</u>	<u>216,600</u>	<u>236,398</u>
<b>Investment Earnings</b>	<u>40,275</u>	<u>40,275</u>	<u>32,118</u>
<b>Miscellaneous</b>			
Donations	6,050	6,050	6,885
Reimbursements	70,600	70,600	105,482
Miscellaneous	30,650	30,650	18,842
	<u>107,300</u>	<u>107,300</u>	<u>131,209</u>
<b>Total Revenues</b>	<u>\$ 10,399,142</u>	<u>\$ 10,647,142</u>	<u>\$ 10,428,632</u>

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
<b>General Government</b>			
<b>General Administration</b>			
Salaries - Elected Officials	\$ 37,200	\$ 37,200	\$ 37,200
Expenses - Elected Officials	3,500	3,500	3,480
Salaries and Wages	298,700	298,700	301,733
Overtime Pay	7,000	7,000	5,899
Payroll Taxes and Benefits	162,000	162,020	155,489
Employee Expenses	17,000	18,480	14,385
General Liability Insurance	8,000	6,500	4,879
Audit Fees	21,000	22,000	21,500
Other Professional and Outside Services	182,700	190,700	180,492
Civic and Recreational Programs	9,500	8,000	6,492
Operational Costs	47,100	43,100	34,436
Building Maintenance and Utilities	68,000	56,500	53,818
Equipment Operation and Maintenance	28,650	24,650	19,649
Equipment and Furniture	36,000	46,000	38,845
Allocation to Other Departments and to Enterprise Fund	(320,100)	(320,100)	(320,100)
<b>Total General Government</b>	<b>606,250</b>	<b>604,250</b>	<b>558,197</b>
<b>Public Safety</b>			
<b>Police Protection</b>			
Salaries and Wages	2,301,000	2,331,000	2,335,102
Overtime Pay	467,500	436,000	425,495
Part-Time and Temporary Wages	110,000	107,000	99,820
Payroll Taxes and Benefits	959,880	958,680	947,350
Employee Expenses	61,500	50,300	42,238
Professional and Outside Services	44,300	44,300	40,040
Civic and Recreational Programs	1,500	1,500	1,030
Operational Costs	60,000	57,250	48,685
Building Maintenance and Utilities	86,500	94,800	92,357
Equipment Operation and Maintenance	124,100	131,600	121,298
Equipment and Furniture	40,400	49,400	47,470
Grants	34,717	52,817	60,013
Allocation from General Administration	140,000	140,000	140,004
	<b>4,431,397</b>	<b>4,454,647</b>	<b>4,400,902</b>

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
<b>Public Safety - Continued</b>			
<b>Fire and Emergency Services</b>			
Salaries and Wages	\$ 1,360,000	\$ 1,376,000	\$ 1,375,718
Overtime Pay	132,250	158,500	158,979
Part-Time and Temporary Wages	47,500	47,500	46,067
Payroll Taxes and Benefits	522,020	522,520	515,425
Employee Expenses	37,550	38,350	35,396
Professional and Outside Services	390,600	370,600	361,024
Operational Costs	38,000	39,800	34,232
Building Maintenance and Utilities	33,800	32,000	24,192
Equipment Operation and Maintenance	95,450	99,400	88,648
Equipment and Furniture	6,600	6,200	6,144
Grants	-	114,000	113,852
Allocation from General Administration	87,500	87,500	87,492
	<u>2,751,270</u>	<u>2,892,370</u>	<u>2,847,169</u>
<b>Total Public Safety</b>	<u>7,182,667</u>	<u>7,347,017</u>	<u>7,248,071</u>
<b>Culture and Recreation</b>			
<b>Administration</b>			
Salaries and Wages	125,820	185,820	132,530
Overtime Pay	10,700	11,400	10,835
Part-Time and Temporary Wages	129,500	75,500	126,936
Payroll Taxes and Benefits	113,525	114,425	111,516
Employee Expenses	2,700	2,750	2,319
Professional and Outside Services	88,750	112,575	91,546
Civic and Recreational Programs	286,800	300,050	319,017
Operational Costs	49,600	51,100	45,087
Building Maintenance and Utilities	39,300	38,950	33,473
Equipment Operation and Maintenance	8,000	7,050	6,468
Equipment and Furniture	3,250	4,000	3,555
Allocation from General Administration	13,500	13,500	13,500
	<u>871,445</u>	<u>917,120</u>	<u>896,782</u>
<b>Total Culture and Recreation</b>	<u>871,445</u>	<u>917,120</u>	<u>896,782</u>

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

General Fund

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

	Budget		Actual
	Original	Final	
Public Works			
Administration			
Salaries and Wages	\$ 236,150	\$ 236,150	\$ 244,932
Overtime Pay	44,000	44,000	32,088
Part-Time and Temporary Wages	64,900	64,900	61,682
Payroll Taxes and Benefits	163,648	163,763	156,872
Employee Expenses	10,790	10,690	6,922
Professional and Outside Services	61,753	53,478	41,796
Civic and Recreational Programs	1,155	1,615	1,520
Operational Costs	18,040	18,060	12,635
Building Maintenance and Utilities	20,750	24,380	18,577
Equipment Operation and Maintenance	97,513	94,363	85,185
Recurring Infrastructure Maintenance	278,400	273,400	177,860
Equipment and Furniture	20,475	17,475	9,361
Allocation from General Administration	20,075	20,075	20,079
Total Public Works	1,037,649	1,022,349	869,509
Building, Health and Zoning			
Administration			
Salaries and Wages	76,405	76,405	76,074
Part-Time and Temporary Wages	44,500	44,500	41,517
Payroll Taxes and Benefits	40,652	40,677	39,607
Employee Expenses	4,500	5,250	4,172
Professional and Outside Services	21,600	22,100	18,002
Operational Costs	6,550	6,550	5,071
Equipment Operation and Maintenance	7,650	3,150	1,262
Equipment and Furniture	4,000	2,000	810
Allocation from General Administration	7,500	7,500	7,500
Total Buildings	213,357	208,132	194,015
Total Expenditures	\$ 9,911,368	\$ 10,098,868	\$ 9,766,574

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Debt Service Fund**

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

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 245,100	\$ 245,100	\$ 246,525
Expenditures			
Debt Service			
Principal Retirement	145,000	145,000	145,000
Interest and Fiscal Charges	99,908	99,908	99,307
Total Expenditures	244,908	244,908	244,307
Net Change in Fund Balance	\$ 192	\$ 192	2,218
Fund Balance - Beginning			19,740
Fund Balance - Ending			\$ 21,958

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Capital Projects - Capital Projects Fund**

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

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Capital Outlay	111,500	111,500	88,978
Debt Service			
Principal Retirement	48,800	48,800	45,839
Interest and Fiscal Charges	3,200	3,200	3,007
<b>Total Expenditures</b>	<b>163,500</b>	<b>163,500</b>	<b>137,824</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(163,500)</b>	<b>(163,500)</b>	<b>(137,824)</b>
<b>Other Financing Sources</b>			
Transfers In	165,000	165,000	214,000
<b>Net Change in Fund Balance</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>76,176</b>
<b>Fund Balance - Beginning</b>			<b>(748,062)</b>
<b>Fund Balance - Ending</b>			<b>\$ (671,886)</b>

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet**

**April 30, 2006**

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	<u>Motor Fuel Tax</u>
<b>ASSETS</b>	
Cash and Investments	\$ 308,588
Receivables - Net	
Accounts	-
Due from other Governments	<u>15,325</u>
 Total Assets	 <u><u>\$ 323,913</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts Payable	\$ 3,985
Deposits Payable	<u>-</u>
 Total Liabilities	 3,985
 Fund Balances	
Unreserved	<u>319,928</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 323,913</u></u>

Refuse	911 Telephone Services	Foreign Fire Insurance	Totals
\$ 37,920	\$ 160,139	\$ 3,548	\$ 510,195
60,391	6,151	94	66,636
-	-	-	15,325
<b>\$ 98,311</b>	<b>\$ 166,290</b>	<b>\$ 3,642</b>	<b>\$ 592,156</b>
\$ 39,243	\$ 903	\$ -	\$ 44,131
29,947	-	-	29,947
69,190	903	-	74,078
29,121	165,387	3,642	518,078
<b>\$ 98,311</b>	<b>\$ 166,290</b>	<b>\$ 3,642</b>	<b>\$ 592,156</b>

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

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

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	<u>Motor Fuel Tax</u>
Revenues	
Taxes	\$ -
Intergovernmental	196,797
Charges for Services	-
Investment Earnings	-
Miscellaneous	-
Total Revenues	<u>196,797</u>
Expenditures	
Public Safety	-
Public Works	173,636
Sanitation	-
Total Expenditures	<u>173,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,161
Other Financing Sources	
Transfers In	<u>-</u>
Net Change in Fund Balances	23,161
Fund Balances - Beginning	<u>296,767</u>
Fund Balances - Ending	<u><u>\$ 319,928</u></u>

Refuse	911 Telephone Service	Foreign Fire Insurance	Totals
\$ -	\$ -	\$ 5,296	\$ 5,296
-	-	-	196,797
239,831	73,216	-	313,047
-	-	20	20
-	-	266	266
239,831	73,216	5,582	515,426
-	59,051	8,330	67,381
-	-	-	173,636
493,499	-	-	493,499
493,499	59,051	8,330	734,516
(253,668)	14,165	(2,748)	(219,090)
255,000	-	-	255,000
1,332	14,165	(2,748)	35,910
27,789	151,222	6,390	482,168
\$ 29,121	\$ 165,387	\$ 3,642	\$ 518,078

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Motor Fuel Tax - Special Revenue Fund**

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

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 195,000	\$ 195,000	\$ 196,797
Expenditures			
Public Works			
Legal Notices	750	750	-
Maintenance and Improvements of Infrastructure	175,000	175,000	173,636
Total Expenditures	175,750	175,750	173,636
Net Change in Fund Balance	\$ 19,250	\$ 19,250	23,161
Fund Balance - Beginning			296,767
Fund Balance - Ending			\$ 319,928

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Refuse - Special Revenue Fund

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

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Refuse Fees	\$ 240,000	\$ 240,000	\$ 239,831
Expenditures			
Sanitation			
Refuse Disposal Charges	475,000	474,000	473,388
Refuse Bags	20,000	21,000	20,111
Total Expenditures	495,000	495,000	493,499
Excess (Deficiency) of Revenues Over (Under) Expenditures	(255,000)	(255,000)	(253,668)
Other Financing Sources			
Transfers In	255,000	255,000	255,000
Net Change in Fund Balance	\$ -	\$ -	1,332
Fund Balance - Beginning			27,789
Fund Balance - Ending			\$ 29,121

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**911 Telephone Surcharge - Special Revenue Fund**

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

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
911 Fees	\$ 75,000	\$ 75,000	\$ 73,216
Expenditures			
Public Safety			
Telephone	10,000	10,000	8,462
Equipment Operation and Maintenance	50,000	45,000	35,576
911 Equipment	15,000	20,000	15,013
Total Expenditures	75,000	75,000	59,051
Net Change in Fund Balance	\$ -	\$ -	14,165
Fund Balance - Beginning			151,222
Fund Balance - Ending			\$ 165,387

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Water - Enterprise Fund**

**Schedule of Revenues, Expenses, and Changes in  
Net Assets - Budget and Actual  
Year Ended April 30, 2006**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,271,500	\$ 1,271,500	\$ 1,196,432
Operating Expenses			
Operations			
Cost of Water Purchases	725,000	785,000	772,895
Salaries and Benefits	466,137	466,237	458,239
Contractual Services	57,932	58,032	46,529
Supplies and Materials	15,705	17,205	13,690
Repairs and Maintenance	164,975	163,275	127,457
Capital Outlay	5,037	5,037	1,840
Allocated Costs and Administrative Charge by the General Fund	16,425	16,425	16,425
Depreciation and Amortization	-	-	65,211
Total Operating Expenses	1,451,211	1,511,211	1,502,286
Operating Income (Loss)	(179,711)	(239,711)	(305,854)
Nonoperating Revenues			
Other Income	61,500	61,500	92,154
Change in Net Assets	\$ (118,211)	\$ (178,211)	(213,700)
Net Assets - Beginning			3,015,245
Net Assets - Ending			\$ 2,801,545

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Combining Statement of Net Assets**

**Internal Service Funds**

**April 30, 2006**

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	Working Cash	Health Insurance	Totals
<b>ASSETS</b>			
Current Assets			
Receivables - Accounts	\$ -	\$ 10,149	\$ 10,149
Due from Other Funds	869,025	119,414	988,439
Prepays	-	3,200	3,200
	<hr/>		
Total Assets	869,025	132,763	1,001,788
	<hr/>		
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	-	2,430	2,430
Claims Payable	-	129,921	129,921
	<hr/>		
Total Liabilities	-	132,351	132,351
	<hr/>		
<b>NET ASSETS</b>			
Unrestricted	\$ 869,025	\$ 412	\$ 869,437
	<hr/> <hr/>		

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Combining Statement of Revenues, Expenses and Changes in Net Assets**

**Internal Service Funds  
Year Ended April 30, 2006**

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	Working Cash	Health Insurance	Totals
Operating Revenues			
Charges for Services	\$ -	\$ 1,607,271	\$ 1,607,271
Operating Expenses			
Administration	-	33,027	33,027
Operations	-	1,525,640	1,525,640
Total Operating Expenses	-	1,558,667	1,558,667
Operating Income	-	48,604	48,604
Nonoperating Revenues			
Transfer In	-	186,000	186,000
Change in Net Assets	-	234,604	234,604
Net Assets - Beginning	869,025	(234,192)	634,833
Net Assets - Ending	\$ 869,025	\$ 412	\$ 869,437

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**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Combining Statement of Cash Flows**

**Internal Service Funds  
Year Ended April 30, 2006**

	Working Cash	Health Insurance	Totals
Cash Flows from Operating Activities			
Payment to suppliers	\$ -	\$ -	\$ -
Net Change in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents			
Beginning	-	-	-
Ending	\$ -	\$ -	\$ -
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ -	\$ 48,604	\$ 48,604
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Transfer In	-	186,000	186,000
(Increase) decrease in current assets	-	(129,563)	(129,563)
Increase (decrease) in current liabilities	-	(105,041)	(105,041)
Net Cash Provided by Operating Activities	\$ -	\$ -	\$ -

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Health Insurance - Internal Service Fund**

**Schedule of Revenues, Expenses, and Changes in  
Net Assets - Budget and Actual  
Year Ended April 30, 2006**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,690,000	\$ 1,690,000	\$ 1,607,271
Operating Expenses			
Administration			
Administrative Fees	36,500	36,500	33,027
Operations			
Claims Incurred	990,000	980,000	897,925
Prescription Drugs	310,000	310,000	274,157
Term and Reinsurer Premiums	353,500	363,500	353,558
Total Operating Expenses	1,690,000	1,690,000	1,558,667
Operating Income	-	-	48,604
Nonoperating Revenues			
Transfer In	-	-	186,000
Change in Net Assets	\$ -	\$ -	234,604
Net Assets - Beginning			(234,192)
Net Assets - Ending			\$ 412

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Pension Trust Funds**

**Combining Statement of Net Plan Assets  
April 30, 2006**

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 522,120	\$ 1,449,105	\$ 1,971,225
Investments			
U.S. Government and Agency Obligations	6,594,768	4,544,299	11,139,067
Mutual Funds	4,020,767	-	4,020,767
Insurance Contracts		606,735	606,735
Common Stock	1,860,453	1,416,272	3,276,725
Receivables			
Accounts	15,382	10,712	26,094
Accrued Interest	54,185	23,021	77,206
Total Assets	13,067,675	8,050,144	21,117,819
<b>LIABILITIES</b>			
Accounts Payable	-	5,596	5,596
<b>NET ASSETS</b>			
Held in Trust for Pension Benefits (A schedule of funding progress is presented following the notes to the financial statements.)	\$ 13,067,675	\$ 8,044,548	\$ 21,112,223

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Pension Trust Funds**

**Combining Statement of Changes in Net Plan Assets  
Year Ended April 30, 2006**

	Police Pension	Firefighters' Pension	Totals
<b>Additions</b>			
Contributions - Employer	\$ -	\$ -	\$ -
Contributions - Employee	188,697	132,150	320,847
<b>Total Contributions</b>	<b>188,697</b>	<b>132,150</b>	<b>320,847</b>
<b>Investment Income</b>			
Interest Earned	438,666	376,070	814,736
Net Change in Fair Value	923,743	(40,541)	883,202
	1,362,409	335,529	1,697,938
Less Investment Expenses	60,014	21,548	81,562
<b>Net Investment Income</b>	<b>1,302,395</b>	<b>313,981</b>	<b>1,616,376</b>
<b>Total Additions</b>	<b>1,491,092</b>	<b>446,131</b>	<b>1,937,223</b>
<b>Deductions</b>			
Administration	6,795	8,443	15,238
Benefits and Refunds	710,845	392,796	1,103,641
<b>Total Deductions</b>	<b>717,640</b>	<b>401,239</b>	<b>1,118,879</b>
Change in Net Assets	773,452	44,892	818,344
Net Assets - Beginning	12,294,223	7,999,656	20,293,879
Net Assets - Ending	<b>\$ 13,067,675</b>	<b>\$ 8,044,548</b>	<b>\$ 21,112,223</b>

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Police Pension - Pension Trust Fund**

**Schedule of Changes in Net Plan Assets - Budget and Actual  
Year Ended April 30, 2006**

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ -	\$ -	\$ -
Contributions - Employee	190,000	190,000	188,697
<b>Total Contributions</b>	<b>190,000</b>	<b>190,000</b>	<b>188,697</b>
<b>Investment Income</b>			
Interest Earned	448,200	450,200	438,666
Net Change in Fair Value	150,000	150,000	923,743
	598,200	600,200	1,362,409
Less Investment Expenses	50,000	50,000	60,014
<b>Net Investment Income</b>	<b>548,200</b>	<b>550,200</b>	<b>1,302,395</b>
<b>Total Additions</b>	<b>738,200</b>	<b>740,200</b>	<b>1,491,092</b>
<b>Deductions</b>			
Administration	8,000	8,000	6,795
Benefits and Refunds	719,500	719,500	710,845
<b>Total Deductions</b>	<b>727,500</b>	<b>727,500</b>	<b>717,640</b>
<b>Change in Net Assets</b>	<b>\$ 10,700</b>	<b>\$ 12,700</b>	<b>773,452</b>
<b>Net Assets - Beginning</b>			<b>12,294,223</b>
<b>Net Assets - Ending</b>			<b>\$ 13,067,675</b>

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Firefighters' Pension - Pension Trust Fund

Schedule of Changes in Net Plan Assets - Budget and Actual  
Year Ended April 30, 2006

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ -	\$ -	\$ -
Contributions - Employee	132,000	132,000	132,150
<b>Total Contributions</b>	<u>132,000</u>	<u>132,000</u>	<u>132,150</u>
<b>Investment Income</b>			
Interest Earned	290,000	290,000	376,070
Net Change in Fair Value	25,000	25,000	(40,541)
	<u>315,000</u>	<u>315,000</u>	<u>335,529</u>
Less Investment Expenses	25,000	25,000	21,548
<b>Net Investment Income</b>	<u>290,000</u>	<u>290,000</u>	<u>313,981</u>
<b>Total Additions</b>	<u>422,000</u>	<u>422,000</u>	<u>446,131</u>
<b>Deductions</b>			
Administration	10,000	10,000	8,443
Benefits and Refunds	397,500	397,500	392,796
<b>Total Deductions</b>	<u>407,500</u>	<u>407,500</u>	<u>401,239</u>
<b>Change in Net Assets</b>	<u>\$ 14,500</u>	<u>\$ 14,500</u>	44,892
<b>Net Assets - Beginning</b>			<u>7,999,656</u>
<b>Net Assets - Ending</b>			<u>\$ 8,044,548</u>

## **STATISTICAL SECTION**

**(Unaudited)**

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

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Governmental Revenues by Source  
Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

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**See Following Page**

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Governmental Revenues by Source Last Ten Fiscal Years

April 30, 2006 (Unaudited)

Fiscal Year	1997	1998	1999	2000
Taxes				
Sales	\$ 4,351,668	\$ 4,356,263	\$ 4,563,567	\$ 4,887,203
Non-Home Rule Sales	-	-	-	-
Real Estate	1,217,696	736,573	710,978	742,265
Utility	547,780	527,082	525,538	546,752
Licenses and permits	664,809	604,947	533,661	578,622
Intergovernmental	613,637	739,983	664,272	943,912
Charges for services	603,370	534,057	594,575	612,040
Fines and forfeitures	236,436	331,096	284,598	281,745
Investment Income	223,744	258,021	244,202	49,140
Miscellaneous	371,868	56,249	205,043	78,924
<b>Total</b>	<b>\$ 8,831,008</b>	<b>\$ 8,144,271</b>	<b>\$ 8,326,434</b>	<b>\$ 8,720,603</b>

Includes General, Special Revenue, Debt Service and Capital Projects Funds for the primary government.

Data Source: Village Records

	2001	2002	2003	2004	2005	2006
\$	4,861,059	\$ 4,731,460	\$ 4,832,252	\$ 4,853,755	\$ 4,650,057	\$ 4,689,367
	-	-	-	1,588,282	1,876,063	1,886,716
	702,341	772,036	626,708	663,634	730,639	745,003
	656,706	559,319	637,546	690,110	718,413	781,507
	668,316	644,023	578,044	642,864	595,914	586,694
	1,191,557	868,251	1,280,056	700,170	842,145	1,030,440
	674,165	629,078	631,019	779,288	945,844	1,065,549
	244,281	204,927	231,442	243,844	235,029	236,398
	506,467	244,670	126,511	14,041	15,693	32,138
	439,724	73,483	147,993	255,645	189,682	136,771
\$	9,944,616	\$ 8,727,247	\$ 9,091,571	\$ 10,431,633	\$ 10,799,479	\$ 11,190,583

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Governmental Expenditures by Function  
Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

Fiscal Year	1997	1998	1999	2000
General Administration	\$ 399,133	\$ 452,263	\$ 409,339	\$ 493,316
Police Protection (1)	2,814,479	2,877,778	2,901,755	3,025,021
Fire and Emergency Service (2)	1,782,215	1,792,113	1,907,550	1,926,337
Culture and Recreation	507,131	563,843	745,003	673,695
Maintenance and Improvement of Infrastructure	775,706	1,376,693	1,054,421	1,328,528
Sanitation	389,107	393,574	401,486	438,377
Emergency 911 Service	25,627	35,202	23,434	388,620
Capital Outlay	434,853	1,006,265	777,410	927,359
Debt Service	801,065	913,715	914,301	145,111
<b>Total</b>	<b>\$ 7,929,316</b>	<b>\$ 9,411,446</b>	<b>\$ 9,134,699</b>	<b>\$ 9,346,364</b>

(1) Reflects contribution to Police Pension Trust for years 2001 - 2006

(2) Reflects contribution to Firefighters' Pension Trust for years 2001 - 2006

Includes General, Special Revenue, Debt Service and Capital Projects Funds for the primary government.

Data Source: Village Records

	2001	2002	2003	2004	2005	2006
\$	812,400	\$ 558,107	\$ 538,064	\$ 491,859	\$ 472,777	\$ 558,197
	3,466,598	3,652,469	3,764,628	4,102,512	4,491,936	4,400,902
	2,214,771	2,396,614	2,577,457	2,588,596	2,700,774	2,855,499
	728,589	684,342	754,629	822,332	862,582	896,782
	1,078,947	1,194,855	1,359,830	1,191,467	1,281,781	1,237,160
	457,194	462,572	456,804	464,525	477,436	493,499
	70,029	50,883	42,403	45,834	62,709	59,051
	1,357,479	464,091	1,244,794	233,260	216,967	88,978
	323,592	370,706	512,392	482,775	648,474	293,153
\$	10,509,599	\$ 9,834,639	\$ 11,251,001	\$ 10,423,160	\$ 11,215,436	\$ 10,883,221

VILLAGE OF NORTH RIVERSIDE, ILLINOIS

Summary of Changes in Fund Balances of the Governmental Fund Types  
Last Ten Fiscal Years

April 30, 2006 (Unaudited)

Fiscal Year	Revenues	Current Expenditures	Current Expenditures	Expenditures		Revenue Over (Under) Current Expenditures	Other Financing Sources (Uses)			Net Increase (Decrease) in Fund Balance
				Capital Outlay	Debt Service		Revenue Over (Under) Total Expenditures	Operating Transfer/ Sale of Capital Assets	Capital Project Bond Issue	
1997	\$ 8,831,008	\$ 6,693,398	\$ 2,137,610	\$ 434,853	\$ 801,065	\$ 901,692	\$ 15,975	\$ -	\$ -	\$ 917,667
1998	8,144,271	7,491,466	652,805	1,006,265	913,715	(1,267,175)	65,874	446,000		(755,301)
1999	8,326,434	7,442,988	883,446	777,410	914,301	(808,265)	10,845	-		(797,420)
2000	8,720,603	8,273,894	446,709	927,359	145,111	(625,761)	145,564	1,191,733		711,536
2001	9,944,616	8,828,528	1,116,088	1,357,479	323,592	(564,983)	1,179,364	-		614,381
2002	8,727,247	8,999,842	(272,595)	464,091	370,706	(1,107,392)	28,250	672,309		(406,833)
2003	9,091,571	9,493,815	(402,244)	1,244,794	512,392	(2,159,430)	7,100	-		(2,152,330)
2004	10,431,633	9,707,125	724,508	233,260	482,775	8,473	12,035	120,000		140,508
2005	10,799,479	10,349,995	449,484	216,967	648,474	(415,957)	105,000	25,555		(285,402)
2006	11,190,583	10,501,090	689,493	88,978	293,153	307,362	(186,000)	-		121,362

Data Source: Village Records

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Property Tax Rates**

**Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

Fiscal Year	Corporate	Police Protection	Fire Protection	Audit	Total	Debt Service	Total
1997	0.0915	0.0468	0.1191	-	0.2574	0.1295	0.3869
1998	0.0924	0.0468	0.1191	-	0.2583	0.1277	0.3860
1999	0.0901	0.0497	0.1173	-	0.2571	0.1268	0.3839
2000	0.0828	0.0497	0.1077	-	0.2402	0.1164	0.3566
2001	0.0844	0.0493	0.1098	-	0.2435	0.1264	0.3699
2002	0.0815	0.0476	0.1060	-	0.2351	0.1181	0.3532
2003	0.0693	0.0410	0.0906	-	0.2009	0.1006	0.3015
2004	0.0687	0.0406	0.0898	-	0.1991	0.0992	0.2983
2005	0.0663	0.0393	0.0871	-	0.1927	0.0953	0.2880
2006	0.0539	0.0320	0.0709	-	0.1568	0.7850	0.9418

**Statutory Limits:**

(a) Corporate levy - 0.2500 without referendum.

(b) Police protection levy - 0.0500 without referendum.

(c) Fire protection levy - 0.2000; fire protection tax levy limit was approved by referendum, October 14, 1967.

(d) Roads, streets and bridges - 0.0600; tax rate may be increased to 0.1000 upon the vote of three-fourths of the Village's Board of Trustees.

(e) Police and firefighters' pension funds - maximum pension benefits.

(f) Debt service - principal and interest payments schedule per general obligation bond ordinance on file with Cook County Clerk's office pursuant to statutory limits.

(g) Other levies - actual expenditures.

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

Data Source: Office of the County Clerk

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

**April 30, 2006 (Unaudited)**

Fiscal Year	(1) Gross Amount of Tax Levy	(2) Current Tax Collections	Total Tax Collections	Uncollected Levy Balance	Percent of Total Extension Collected
1997	\$ 725,665	\$ -	\$ 736,573	\$ -	101.50 %
1998	724,648	-	660,258	-	91.11
1999	724,243	-	737,525	-	101.83
2000	724,243	-	701,066	-	96.80
2001	739,466	-	742,505	-	100.41
2002	731,538	-	626,185	-	85.60
2003	758,659	-	665,304	-	87.69
2004	729,375	-	728,967	-	99.94
2005	756,044	398,586	742,858	-	98.26
2006	730,610	364,305	-	366,305	50.14

Notes:

- (1) Tax levies are for the previous calendar year.
- (2) Current tax collections are receipts of the previous calendar year levy. The second installment of the levy is not due until August 1 of the year subsequent to the calendar year of the levy.
- (3) Although some individual receipts may in fact be delinquent, the Village has generally received approximately 100% of the levy balance due to the 3% added by Cook County for losses and costs of collection.

Data Source: Gross amount of tax levy - North Riverside Tax Levy Ordinance.  
Current tax collections and uncollected levy balance - Cook County, Illinois Collector.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

**April 30, 2006 (Unaudited)**

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Fiscal Year	(1) Assessed Value (in thousands)	(2) Estimated Actual Value (in thousands)	Assessed Value as a Percentage of Estimated Value	Equalization Factor
1997	\$ 191,147	\$ 573,441	33.33	2.1517
1998	192,888	578,664	33.33	2.1489
1999	194,010	582,030	33.33	2.1799
2000	211,299	633,897	33.33	2.2505
2001	207,259	621,777	33.33	2.2235
2002	214,705	644,115	33.33	2.3098
2003	251,212	753,636	33.33	2.4689
2004	253,417	760,251	33.33	2.4598
2005	261,829	785,487	33.33	2.5757
2006	321,968	965,904	33.33	3.1673

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Data Source: (1) Office of the County Clerk (2) North Riverside Building Department

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Property Tax Rates - Direct and Overlapping Governments  
Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

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Fiscal Year	Village of North Riverside			School Districts	County	Other	Total
	General Fund	Debt Service	Total				
1997	0.2574	0.1295	0.3869	5.0370	1.0630	0.9930	7.4799
1998	0.2583	0.1277	0.3860	5.3500	0.9930	0.9870	7.7160
1999	0.2571	0.1268	0.3839	5.3480	0.9910	0.9450	7.6679
2000	0.2372	0.1164	0.3536	4.9980	0.9550	0.8950	7.2016
2001	0.2435	0.1264	0.3699	4.5230	0.9010	0.9680	6.7619
2002	0.2351	0.1181	0.3532	4.5760	0.8520	0.9610	6.7422
2003	0.2009	0.1006	0.3015	3.7600	0.7570	0.9330	5.7515
2004	0.1991	0.0992	0.2983	5.0360	0.7220	0.9600	7.0163
2005	0.1927	0.0953	0.2880	5.0660	0.6540	0.9580	6.9660
2006	0.1575	0.0785	0.2360	4.4790	0.6120	0.8450	6.1720

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Property tax rates are per \$100 of assessed valuation

Data Source: Office of the County Clerk

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Ratio of Net General Obligation Debt to Assessed Value and  
Net General Obligation Debt Per Capita  
Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

Fiscal Year	(1) Population	(2) Assessed Value	(3) Gross Debt	Debt Service Fund Balance	Net Bonded Debt	Debt to Assessed Value	Net Debt Per Capita
1997	6,180	\$ 191,147,000	\$ 2,390,000	\$ 138,586	\$ 2,251,414	\$ 1.18	\$ 364.31
1998	6,180	192,888,000	2,226,000	116,860	2,109,140	1.09	341.28
1999	6,180	194,010,000	1,515,591	83,047	1,432,544	0.74	231.80
2000	6,180	211,299,000	2,696,009	1,944	2,694,065	1.28	435.93
2001	6,688	207,259,000	2,557,037	56,805	2,500,232	1.21	373.84
2002	6,688	214,705,000	3,015,676	75,220	2,940,456	1.37	439.66
2003	6,688	251,212,000	2,673,014	40,016	2,632,998	1.05	393.69
2004	6,688	253,417,000	2,454,759	18,456	2,436,303	0.96	364.28
2005	6,688	261,828,507	1,956,736	19,740	1,936,996	0.74	289.62
2006	6,688	321,967,944	1,765,897	21,958	1,743,939	0.67	260.76

Data Source:

(1) U.S. Department of Commerce, Bureau of Census

(2) Office of the County Clerk

(3) Includes all long-term debt, except special assessment bonds and special assessment vouchers, accrued compensated absences and pensions.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Direct and Overlapping Bonded Debt**

**April 30, 2006 (Unaudited)**

Governmental Unit	(1) Gross Debt	(2) *Percentage of Debt Applicable to Village	(3) **Village's Share of Debt
Village of North Riverside	\$ 1,990,000	100.00%	\$ 1,990,000
Cook County (a)	2,778,045,000	0.22%	6,111,699
Cook County Forest Preserve District	37,355,000	0.22%	82,181
Water Reclamation Distric of Greater Chicago (a)	1,365,545,000	0.22%	3,004,199
School District 209	60,255,000	0.89%	536,270
Township High School District 208	1,500,000	33.90%	508,500
School District 96	1,350,000	38.64%	521,640
School District 91	9,035,000	7.01%	633,354
School District 94	1,560,000	46.92%	731,952
Village of North Riverside Public Library	4,545,000	100.00%	4,545,000
	4,259,190,000	228.02%	16,674,794
<b>Total Direct and Overlapping Bonded Debt</b>	<b>\$ 4,261,180,000</b>	<b>328.02%</b>	<b>\$ 18,664,794</b>

\* Determined by the ratio of assessed value of property in the Village of North Riverside subject to taxation by the Governmental Unit to the total assessed value of property of the Governmental Unit.

\*\* Amount in column (2) multiplied by amount in column (1).

(a) Excludes General Obligation Notes issued in lieu of tax anticipation warrants and notes issued to provide interim construction financing.

Data Source: Office of the County Clerk

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Legal Debt Margin**

**April 30, 2006 (Unaudited)**

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Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2005 (Most Recent Available)	\$ 321,967,944
Legal Debt Limit - 8.625% of Assessed Valuation	\$ 27,769,735
Amount of Debt Applicable to Debt Limit	
General Obligation (Alternate Revenue) Bonds, Series 2000	<u>1,710,000</u>
Legal Debt Margin	<u>\$ 26,059,735</u>

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

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

**April 30, 2006 (Unaudited)**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1997	\$ 586,500	\$ 131,490	\$ 717,990	\$ 7,929,316	9.05%
1998	610,000	97,965	707,965	9,411,446	7.52%
1999	630,000	73,260	703,260	9,134,699	7.70%
2000	-	23,873	23,873	9,346,364	0.26%
2001	50,000	137,272	187,272	10,509,599	1.78%
2002	120,000	124,388	244,388	9,834,639	2.48%
2003	125,000	119,288	244,288	11,251,001	2.17%
2004	130,000	112,625	242,625	10,423,160	2.33%
2005	135,000	106,125	241,125	11,215,436	2.15%
2006	145,000	99,307	244,307	10,883,221	2.24%

Data Source: Village Records

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Demographic Statistics  
Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

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<b>Fiscal Year</b>	<b>Population</b>	<b>Elementary School Enrollment</b>
1997	6,180	491
1998	6,180	492
1999	6,180	466
2000	6,180	555
2001	6,688	501
2002	6,688	502
2003	6,688	545
2004	6,688	547
2005	6,688	547
2006	6,688	482

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Note: During 2005, Master Christi Catholic School closed, thereby, leaving only 1 public elementary school operating in the Village.

**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Property Value and Construction  
Last Ten Fiscal Years**

**April 30, 2006 (Unaudited)**

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<b>Fiscal Year</b>	<b>Estimated Actual Property Value (in thousands)</b>	<b>New Construction Permits Value (in thousands)</b>
1997	\$ 573,441	\$ 11,788
1998	578,664	150,000
1999	582,030	11,085
2000	633,897	9,224
2001	621,777	8,970
2002	644,115	10,800
2003	753,636	7,836
2004	760,251	7,427
2005	785,487	17,806
2006	965,904	17,343

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**VILLAGE OF NORTH RIVERSIDE, ILLINOIS**

**Principal Taxpayers**

**April 30, 2006 (Unaudited)**

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Name of Taxpayer	Nature of Business		2005 Equalized Assessed Valuation	Percentage of Village' 2005 Assessed Valuation
Urban Retail Property Co.	Retail Sales	\$	25,402,822	9.70%
Federal Center, Inc.	Retail Sales		8,360,000	3.19%
J. C. Penney Company	Retail Sales		6,755,965	2.58%
Carson Pirie Scott	Retail Sales		5,317,197	2.03%
Sears	Retail Sales		5,345,748	2.04%
Riverside Association East	Retail Sales		4,775,836	1.82%
MB Financial Bank	Banking		3,013,928	1.15%
Edward Don & Company	Wholesale		2,576,558	0.98%
Joe Rizza Fod	Auto Dealership		1,827,122	0.70%
S.M. Property Management	Retail Sales		1,595,811	0.61%
<b>Total</b>		<b>\$</b>	<b>64,970,987</b>	<b>24.81%</b>

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Data Source: Office of the County Clerk

## VILLAGE OF NORTH RIVERSIDE, ILLINOIS

### Miscellaneous Statistics

April 30, 2006 (Unaudited)

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Date of Incorporation	1923
Form of Government	Mayor/Board of Trustees/ Appointed Administrator
Area	2.50 Square Miles
Miles of Streets	35
Fire Protection	
Number of Stations	1
Number of Firefighters and Officers (Exclusive of Paid on Call Firefighters)	20
Number of Full-Time Paramedics (Provided under Agreement with Independent Contractor)	6
Police Protection	
Number of Stations	1
Number of Police Officers	27
Municipal Water Department	
Number of Customers	2,419
Average Daily Consumption	936,184 gallons
Water Mains	31 miles
Sewers	
Sanitary Sewers	29 miles
Storm Sewers	6 miles
Parks and Recreation	
Number of Parks	3 totalling 35.1 acres
Employees	
Full-Time	74
Exempt - Village Board	8
Part-Time	79

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Data Source: Village Records