

VILLAGE OF SHOREWOOD, ILLINOIS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended
March 31, 2008

Prepared by the Finance Department

Sue J. Berg
Village Treasurer and
Finance Director

VILLAGE OF SHOREWOOD, ILLINOIS
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VILLAGE OF SHOREWOOD, ILLINOIS

PRINCIPAL OFFICIALS

March 31, 2008

LEGISLATIVE

VILLAGE BOARD OF TRUSTEES

Richard Chapman, President

Daniel J. Anderson

Gary M. Fitzgerald

Daniel J. Gron

James S. McDonald

Celine Schwartz

Lea Stahr

Julia A. Russell, Clerk

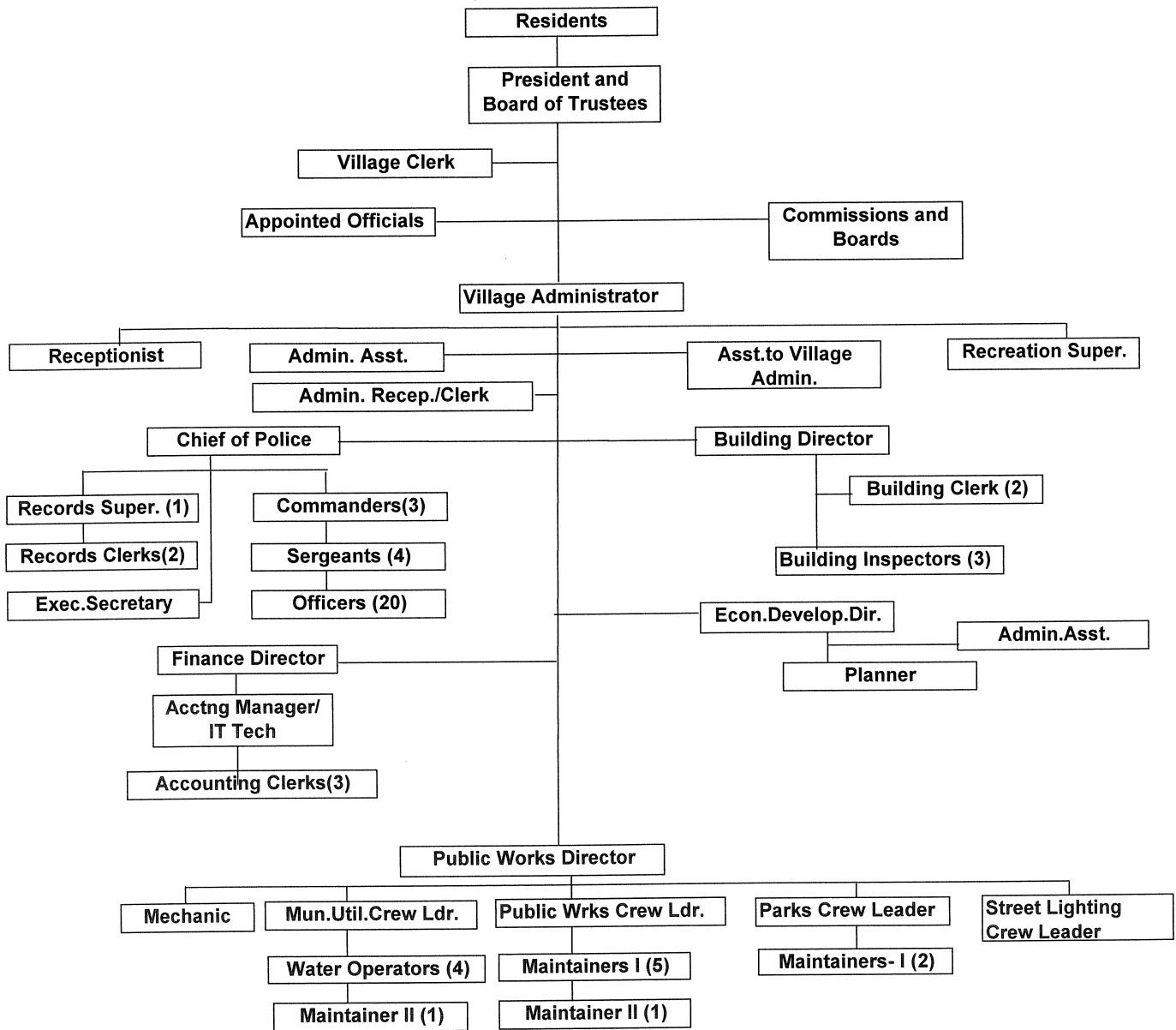
ADMINISTRATION

Kurt T. Carroll, Village Manager

FINANCE DIRECTOR

Sue J. Berg, Director and Treasurer

VILLAGE OF SHOREWOOD ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Shorewood
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2007

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

August 5, 2008

Village President

Richard E. Chapman

To the Honorable President,
Members of the Village Board, and
Citizens of the Village of Shorewood:

Board of Trustees

Daniel J. Anderson

Gary M. Fitzgerald

Daniel J. Gron

James S. McDonald

Lea Stahr

Celine Schwartz

Village Clerk

Julia A. Russell

Village Administrator

Kurt T. Carroll

We are pleased to submit the Comprehensive Annual Financial Report of the Village of Shorewood for the fiscal year ended March 31, 2008. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representation concerning the finances of the Village of Shorewood. 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 of Shorewood has established a comprehensive framework of internal control that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village of Shorewood's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village of Shorewood's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. 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 of Shorewood's basic financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Village of Shorewood for the fiscal year ended March 31, 2008 are free of material misstatement. The independent audit concluded that there was a reasonable basis for rendering an unqualified opinion on the Village of Shorewood's basic financial statements for the fiscal year ended March 31, 2008. The independent auditor's report is presented at the front of the financial section of this report.

VILLAGE OF SHOREWOOD

Letter of Transmittal

Profile of the Government

The Village of Shorewood, incorporated in 1957, is located in Will County in the State of Illinois and is only 40 miles southwest of Chicago. Will County is recognized as one of the fastest growing counties not only in Illinois but the entire United States. The Village of Shorewood is located adjacent to the intersection of Interstate 55 and Interstate 80 and further accessed by State Highway Routes 52 and 59. The Village of Shorewood currently occupies a land area of 7.0 square miles with a potential planning area of twenty square miles. Two special censuses have taken place since the 2000 census of 7,686 with the most recent census conducted in November 2006 with 13,822 residents. The first census conducted for Shorewood was the 1960 census with 499 residents. Shorewood is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The Village has operated under the President-Trustee form of government since its incorporation. Policymaking and legislative authority are vested in the Village Board, which consists of a Village President and six Trustees and all are elected at large on a non-partisan basis. The Village Board sets policy for the Village, passes ordinances, adopts resolutions and the annual budget, and approves all expenditures. Board members are elected to four-year staggered terms with three board members elected every two years. The Village President is elected to a four-year term.

The Village provides a full range of services including police protection, park programs and recreational facilities, refuse and recycling services, planning and development review, construction and maintenance of streets and other infrastructure, as well as water, and wastewater services. Over the past ten years, Village staff has grown from 42 to 67 employees with 60% of this growth in police protection and public works. The Village of Shorewood is also served by two independent agencies; The Shorewood-Troy Public Library and the Troy Fire Protection District.

The Village adopts a final budget no later than the close of the fiscal year but continues to operate under the Appropriation Ordinance which is filed no later than June 30th of each year. The annual budget serves as the foundation for the Village of Shorewood's financial planning and control. The budget is prepared by fund, department, and program. The level of budgetary control (i.e. the level at which expenditures cannot exceed the budgeted amount) is established at the fund level.

VILLAGE OF SHOREWOOD

Letter of Transmittal

Local Economy Highlights

The Economic Development Department works closely with commercial brokers, developers, and entrepreneurs to market the Towne Center development and other sites within the Village as well as maintaining existing quality businesses. The ultimate goal of the Village's economic development efforts is to enhance the quality of life of Village residents.

A new nine acre Senior Continuum of Care Campus has been approved by the Village Board for the northwest corner of Black Road and Shorewood Drive. This will include five buildings designated for independent living units, assisted care units, and skilled nursing units.

The Village of Shorewood continues to offer a range of economic incentive agreements not only to attract vibrant businesses to the Village but also to assure that the proper infrastructure is in place for these businesses. There are currently eight economic incentive agreements in place with retail, home improvement, and automotive businesses.

The new Village Hall in the Towne Center was completed in the fall of 2007 and the previous village hall is being renovated for the sole use of the Police Department.

The Village received notification in fiscal 2008 of an OSLAD grant in the amount of \$400,000 for development of the Towne Center Green. Fund raising is also underway for the construction of a Veterans Memorial located in the Towne Center Green.

One of two new deep wells became operational in 2008 and additional costs for these deep wells have been budgeted. Prior to this, water supply for the Village was from shallow wells. Planning for the long term water supply of the Village includes Lake Michigan Water since the Village has received an allocation.

Roadwork which includes Mound Road widening and reconstruction of the Frontage Road was completed in 2008 to assist the Heartland Corporate Center (a light industrial and warehouse development) and in anticipation of the reconstruction of the Route 59 exit off I-55.

In a continuing effort to better serve the residents, 2008 was the second year of a program budget and the Village will be monitoring performance measures to ensure sustained high quality of service to the residents. The Village's website is being overhauled to allow direct contact with Village staff on questions, service requests, payment of municipal utilities, email notifications, and a schedule of Village events.

VILLAGE OF SHOREWOOD

Letter of Transmittal

Long-Term Financial Planning

The Village of Shorewood's Comprehensive Plan was updated in February 2007 and is intended to be a guiding document for policy decisions regarding issues such as land use, transportation, and urban design.

Among the planning elements are:

- Completion of the Shorewood Town Center residential subdivision, and the Commercial section on Route 52.
- Development of the Metra Rail Station and an associated Transit Oriented Development
- Re-development of the Route 52 & Route 59 intersection as a gateway commercial destination
- Expansion of the Village's water capacity (Lake Michigan Water) and planning for additional waste water treatment capacity
- Development west to/and including the Wikaduke Trail and its arterial development potential (The Wikaduke Trail is a planned north-south arterial that will run through Will, Kane, DuPage, and Kendall Counties.)
- Enhance residential and commercial development within the Aux Sable Creek Watershed that integrates high quality residential and commercial development with open space preservation goals and natural resource protection.

Along with the Comprehensive Plan, the Village updates its long term Capital Improvements plan yearly to plan for future capital expenditures.

Financial Condition

The Village implemented Government Accounting Standards Board (GASB) No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments in fiscal year 2005. The Management Discussion and Analysis (MD&A) provides a great opportunity to describe the operation and financial results of the Village in a format more similar to that currently required for private industry. The MD&A serves to summarize the significant changes in balances in the Statement of Net Assets over the year and the result of the Statement of Activities on a year-over-year basis. These new government-wide statements allow the reader to gain a "big picture" view of the government as a whole, as well as monitor and track certain key balances.

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 Shorewood for its comprehensive annual financial report

VILLAGE OF SHOREWOOD

Letter of Transmittal

for the fiscal year ended April 30, 2007. This was the first year that Shorewood applied for and achieved this prestigious award. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and all applicable legal requirements.

A Certificate of Achievement from the GFOA is valid for the period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration departments. We wish to express our appreciation to all members of the two departments who assisted and contributed to the preparation of this report. Credit also must be given to the Village President and the Village Board for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Shorewood's finances.

Respectfully submitted,



Kurt T Carroll
Village Administrator



Sue J Berg
Village Treasurer/Finance Director



998 Corporate Boulevard • Aurora, IL 60502

Members of American Institute of
Certified Public Accountants &
Illinois CPA Society

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Shorewood, Illinois as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Shorewood, Illinois' management. Our responsibility is to express opinions 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Shorewood, Illinois, as of March 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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 black ink that reads "Sibich LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois
July 8, 2008

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

VILLAGE OF SHOREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2008

The Village of Shorewood's (the "Village") discussion and analysis is designed to (1) assist the reader in focusing in 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 subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Village's financial statements (beginning on page 3).

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the fiscal year by \$163,994,862 including \$147,300,913 invested in capital assets, net of related debt.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$5,951,252, a decrease of \$3,959,752 in comparison with the prior year. The decrease is due to the construction of a new Village Hall. Approximately 94% of this total amount, or \$5,576,193 is available for spending at the government's discretion as unreserved fund balance.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$4,163,529, or 43% of total general fund expenditures for the fiscal year.
- During the current year, the Village issued \$285,000 in Limited General Obligations Bonds. This is a one-year bond that will be issued each year. Proceeds of the tax levy are used to pay principal and interest, along with Utility tax revenue, on the 2004 General Obligation Bonds. The 2004 General Obligation Bonds were the primary source of funds for the new Village Hall.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

In the past, the primary focus of local government financial statements has been summarized fund type information on a current financial resource basis. This approach has been modified and the Village's financial statements present two kinds of statements, each with a different snapshot of the Village's finances. The new financial statements' focus is on both the Village as a whole (government-wide) and on the major individual funds. These statements were first implemented in fiscal 2005. 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.

Government-Wide Financial Statements

The government-wide financial statements (see pages 3 - 5) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets) is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see pages 4 - 5) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

**VILLAGE OF SHREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Governmental Activities reflect the Village's basic services, including police, public works (including refuse hauling), parks, and administration. Shared state sales tax, utility taxes, real estate taxes, and shared state income taxes finance the majority of these services. The Business-type Activities reflect private sector type operations (Water and Sewer) where the charges for service typically cover all or most of the cost of operation, including depreciation.

Fund Financial Statements

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

The Governmental Major Funds (see pages 6 - 9) are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, Governmental fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. The government-wide financial statements provide a long-term view. These two perspectives can provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances reconcile the differences between these two perspectives.

Budgetary comparison schedules for other funds can be found in a later section of this report. These schedules demonstrate compliance with the Village's budget.

Proprietary or Business-type activity funds (see pages 10 - 14) reported in the fund financial statements are for those services for which the Village charges customers a fee. There are two kinds of proprietary funds, enterprise and internal service. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Enterprise fund services are primarily provided to customer's external to the Village organization such as those of the water and sewer utilities. The Village does not currently utilize internal service funds.

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

Fiduciary funds (see pages 15 - 16) such as the police pension plans are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund Village programs. Fiduciary fund financial statements report similarly to proprietary funds.

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's funding of pension benefit obligations to its employees and budget information.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 54.

**VILLAGE OF SHOREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The last section of the report is the statistical section on pages 60 - 86 and includes information on government-wide revenue and expenditures, property taxes, and miscellaneous statistics.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Statement of Net Assets

Net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Village of Shorewood exceeded liabilities by \$163,994,862 as of March 31, 2008. Total net assets increased \$2,103,593 in 2008. Of this amount, Governmental activities accounted for \$2,304,372 of the increase while Business-type activities decreased \$200,799. The largest contributing factor for the increase in Governmental Activities' net assets is the transfer of capital impact fees from the Capital Improvement (Business Type Activities) fund to the Capital Projects Fund (Governmental Activities) for public works infrastructure. This use of Capital Impact Fees is allowed per Ordinance. Likewise, Business-Type activities decreased as a result of this transfer and the net revenue in the charges for services.

The largest portion of net assets (90%) reflects the Village's investment in capital assets (land, streets, water mains, sewers, building, bridges, machinery, and equipment) less any related debt. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of debt, resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these debts.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. Governmental restricted assets include Debt Service Fund, Motor Fuel Tax fund, Asset Forfeiture funds, and Drug Prevention funds. The increase in restricted assets for governmental activities was primarily due to the increase in the Motor Fuel Tax fund of \$19,812.

Table 1 reflects the condensed Statement of Net Assets.

**Table 1
Statement of Net Assets
March 31, 2008**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current & Other Assets	\$ 9,789,687	\$ 14,270,812	\$ 12,452,206	\$ 15,449,067	\$ 22,241,893	\$ 29,719,879
Capital Assets	125,272,079	119,107,217	32,649,302	29,762,601	157,921,381	148,869,818
Total Assets	135,061,766	133,378,029	45,101,508	45,211,668	180,163,274	178,589,697
Long-Term Liabilities	5,908,115	6,038,642	4,501,959	4,730,745	10,410,074	10,769,387
Other Liabilities	4,504,563	4,994,671	1,253,775	934,370	5,758,338	5,929,041
Total Liabilities	10,412,678	11,033,313	5,755,734	5,665,115	16,168,412	16,698,428
Net Assets:						
Investment in Capital Assets, net of Debt	119,351,611	112,941,720	27,949,302	24,827,601	147,300,913	137,769,321
Restricted	199,900	171,523	9,744,710	13,011,408	9,944,610	13,182,931
Unrestricted	5,097,577	9,231,473	1,651,762	1,707,544	6,749,339	10,939,017
Total Net Assets	124,649,088	122,344,716	39,345,774	39,546,553	163,994,862	161,891,269

Unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, had a balance of \$5,097,577 compared with a balance of \$9,231,473 in the previous year. This decrease resulted from the spend-down in the Building Fund for the new Village Hall. Business-type restricted net assets decreased \$3,266,698 primarily due to expenditures made on the Force Main (Completed in 2008), expenditures on new deep wells, and the purchase of land for future storage of water. Please note that during fiscal 2008, water treatment rights in Business-type Activities are now included in capital assets and figures for 2007 in the MD&A have been restated to reflect this change to provide a comparable basis. Also in 2008, funds

**VILLAGE OF SHOREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

in the Capital Improvement Fund (water sub fund) have been designated as restricted since they must be used for capital projects and not the day-to-day running of the water/sewer fund. Fiscal 2007 figures in the MD&A have been restated to reflect this change also so a valid comparison year-to-year may be made.

Changes in Net Assets (from the Statement of Activities)

For the fiscal year ended March 31, 2008, revenue from all sources totaled \$19,021,503. Governmental revenue accounted for \$12,224,235 of that total, while business-type activities accounted for \$6,797,268. Expenses for all functions totaled \$16,917,910 with \$12,915,252 for governmental activities and \$4,002,658 for business-type activities.

The following table summarizes the revenues and expenses for the Village of Shorewood.

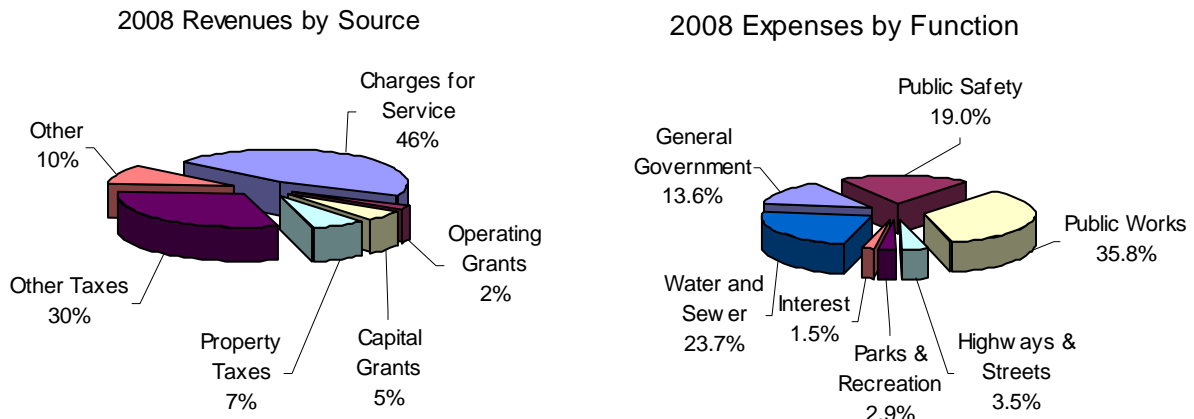
**Table 2
Changes in Net Assets
Fiscal year ending March 31, 2008**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenue						
Program Revenues						
Charges for Service	\$ 2,538,769	\$ 3,301,382	\$ 6,064,001	\$ 7,670,038	\$ 8,602,770	\$ 10,971,420
Operating Grants	405,609	475,010	-	-	405,609	475,010
Capital Grants	1,005,855	244,449	-	-	1,005,855	244,449
General Revenue						
Property Taxes	1,368,567	1,184,936	-	-	1,368,567	1,184,936
Other Taxes	5,742,923	4,767,922	-	-	5,742,923	4,767,922
Other	1,162,512	1,198,893	733,267	737,830	1,895,779	1,936,723
Total Revenue	12,224,235	11,172,592	6,797,268	8,407,868	19,021,503	19,580,460
Expenses						
General Government	3,643,976	2,994,144	-	-	3,643,976	2,994,144
Public Safety	3,221,391	3,198,181	-	-	3,221,391	3,198,181
Public Works	4,713,181	2,729,587	-	-	4,713,181	2,729,587
Highways & Streets	593,387	1,665,598	-	-	593,387	1,665,598
Parks & Recreation	484,571	459,211	-	-	484,571	459,211
Interest	258,746	271,095	-	-	258,746	271,095
Water and Sewer	-	-	4,002,658	4,069,458	4,002,658	4,069,458
Total Expense	12,915,252	11,317,816	4,002,658	4,069,458	16,917,910	15,387,274
Excess (Deficiency) before Contributions	(691,017)	(145,224)	2,794,610	4,338,410	2,103,593	4,193,186
Transfers	2,995,389	1,507,559	(2,995,389)	(1,507,559)	-	-
Contributions	-	-	-	-	-	-
Change in Net Assets	2,304,372	1,362,335	(200,779)	2,830,851	2,103,593	4,193,186

Governmental Activities – For the fiscal year ended March 31, 2008, governmental revenues total \$12,224,235 with 58% coming from taxes. Total taxes increased by 19% over the prior year. 11% of governmental revenues came from property taxes which totaled \$1,368,567. State income, sales, and other taxes combined for 47% of total revenues in 2008. State income tax grew at 43% over the prior year. A Special Census was conducted in November 2006 resulting in a population of 13,822; a 79.8% increase over the 2000 Census of 7,686 (a 2003 special census indicated a population of 10,003). This 2006 Special Census was not certified to the State of Illinois until February 2007; thus State allocated revenue based on per capita (income, use, and motor fuel tax) was significantly impacted in fiscal 2008. Sales tax increased 16% in 2008 over the prior year primarily due to two new major retailers open for a full year.

**VILLAGE OF SHOREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Charges for services, at \$2,538,769 represents 21% of total governmental revenues. Charges for services include fees, licenses, and waste removal. Building permit fees accounted for 30% of the charges for services as compared with the prior year where building permit fees accounted for 41%. This was a result of the slow down in residential and commercial growth in the market.



Expenses for governmental activities totaled \$12,915,252, including public safety, public works, parks and recreation, highways and streets, general government, and interest and expense functions. Public safety expenses are mainly accounted for in the Public Safety department in the General Fund and totaled \$3,221,391 or 25%. The largest component of public safety expenses is salaries and benefits accounting for 87% of all public safety expenses. Public works made up 36% of all governmental expenses in 2008 with \$4,713,181. Public works expenses are accounted for in the General Fund Public Works department and the Capital Projects Fund. General government expenses are also accounted for in the General Fund and include the Village Board and Administration, Professional Services, Liability Insurance, Finance, Economic Development and Building Departments. Total general government expenses were \$3,643,976 or 28% of all governmental expenses in 2008. Interest expense of \$258,746 was accounted for in the Debt Service Fund and is the interest paid on outstanding debt along with the costs of issuing and maintaining debt during the current year. The majority of the interest was interest on the 2004 GO Bonds.

Business-type Activities – Total business-type revenue was \$6,064,001 for the 2008 fiscal year. Water charges for services of \$1,623,816 made up 27% of this revenue, while sewer charges of \$1,959,668 were 33%. Charges for water and sewer were up 7% from the previous year due to increased residential accounts. However, the overall charges for services were down \$1,606,037 in 2008 from the previous year primarily because of the reduction in Connection/Impact fees by 58%. This reduction of connection/impact fees was a direct result of the slow down in residential and commercial building in the Village during 2008. Total business-type expenses exceeded revenues by \$200,779 after transfers. The Village of Shorewood operates its own wells while sanitary wastewater is discharged to the Joliet Sanitary system with Joliet charging contractual fees for this service. The Village of Shorewood received a Lake Michigan water allocation during fiscal 2007 and the Village Board voted to pursue this option as a water source for the Village of Shorewood. This option is still in the planning stage.

Major Funds Discussion

General Fund Functions and Fund Balance

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The following schedule presents a summary of General Fund revenues and other financing sources for the year ended March 31, 2008.

VILLAGE OF SHOREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 3
General Funds-Revenue
as of March 31, 2008

	<u>2008</u>	<u>2007</u>	<u>Difference</u>	<u>% Increase (Decrease)</u>
Property taxes	1,072,305	889,422	182,883	17.1%
Other taxes	5,948,248	4,928,610	1,019,638	17.1%
Licenses, permits & fees	1,358,376	1,880,898	(522,522)	-38.5%
Franchise fees	200,100	171,823	28,277	14.1%
Grant Income	12,800	295,784	(282,984)	-2210.8%
Investment Income	277,207	218,100	59,107	21.3%
Charges for Services	945,552	851,190	94,362	10.0%
Miscellaneous	481,378	667,717	(186,339)	-38.7%
Transfers In	0	0	0	----
Total Revenue	10,295,966	9,903,544	392,422	3.8%

With the residential and commercial growth, Shorewood's Equalized Assessed Valuation has increased from \$140,836,556 in 2000 to \$498,805,003 in 2007 (a 354% increase) however the tax rate has decreased from .5297 in 2000 to .2567 in 2007 (inclusive of debt). The real dollars in real estate taxes has increased from \$449,128 in 2000 to an estimated tax collection for 2007 of \$984,641 net of debt. Taxes levied are collected in the subsequent fiscal year. Real Estate Taxes contribute approximately 10% of the General Fund revenue.

Sales tax revenue continues to be a primary source of revenue for the General Fund accounting for 32% of its revenue. The Village continues to diversify its tax base from the base in 2000 of primarily automotive and food retail to a base in 2008 that also includes a major retail store, a home improvement store, and a restaurant. The top ten sales tax providers (see Statistical Section) contribute 65% of the total sales tax revenue emphasizing the need to diversify the tax base to insulate from a downturn in any one category. The Village has made strides toward this goal, decreasing from 78% of total sales tax provided by the top ten sales tax providers in 2003.

Licenses, permits, and fees decreased 38% from fiscal 2007 primarily due to the down-turn in the housing market. Building Permits were down 58% over fiscal 2007 with the number of residential permits decreasing from an all time high of 521 in fiscal 2006 to 209 in fiscal 2008. Even with the downturn in housing starts, 2008 was the sixth highest year for permit revenue in Shorewood's history.

Rising interest rates and an aggressive investment strategy helped increase investment income 21% over the prior period.

Charges for services were up 10%. This revenue increase of \$94,362 was a result of the new residential units in place from 2007 and refuse rate increases.

The following schedule presents a summary of General Fund expenditures for fiscal 2008.

Table 4
General Fund-Expenditures
as of March 31, 2008

	<u>2008</u>	<u>2007</u>	<u>Difference</u>	<u>% Increase (Decrease)</u>
General Government	3,558,368	2,973,705	584,663	16.4%
Public Safety	3,381,330	3,097,916	283,414	8.4%
Public Works	1,844,325	949,150	895,175	48.5%
Parks and Recreation	451,761	991,844	(540,083)	-119.6%
Capital Outlay	446,067	0	446,067	----
Transfers Out	661,582	473,389	188,193	28.4%
Total Expenditures	10,343,433	8,486,004	1,857,429	18.0%

**VILLAGE OF SHOREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Government

Expenditures increased due to two primary causes; Full time employees (1.5 FTE) were added to the staff thus resulting in an increase in personnel services (salary, insurance, pension, FICA, and MCARE). Similarly, the Village has eight Economic Incentive Agreements with businesses located in the Village. An increase in Sales tax revenue will result in an increase in expenditures for the Economic Incentive Agreements. Economic Incentive Agreements expense increased 94% over 2007 to \$917,262 in 2008. The majority of these agreements expire during the time period 2010-2014 depending on the individual agreement.

Public Safety

Personnel services increased by \$369,978 due to the approved percentage increases to salary and for full year of health insurance coverage for employees hired during the previous year. Contractual services decreased \$106,296 due to the realignment in the program budget. Vehicle maintenance for squad cars (now part of Public Works) and legal services (now part of General Government) are charged to their own program.

Public Works

The primary change in Public Works was the program budget change switching Street Lighting from General Government to a Public Works program. The Village will begin to maintain all street lights in the Village.

Parks and Recreation

A concession stand was built at Four Seasons Park in 2007. There was no major park construction in 2008.

Transfers

In fiscal 2008, transfers from the General Fund were \$206,582 of Utility Taxes to the Debt Service fund for repayment of debt and \$455,000 transferred to the Building Fund to pay for building expenditures.

In fiscal 2007, transfers from the General Fund were \$323,389 of Utility Taxes to the Debt Service fund for repayment of debt and \$150,000 transferred to Water/Sewer Fund to move CDBG grant funds that were expended from Water and Sewer Fund.

The General Fund balance of \$4,338,688 is less than a 1% decrease over the prior year.

General Fund Budgetary Highlights

The operating portion of the General Fund budget was not amended from the original budget. Actual revenues in the General Fund were \$737,900 over the budgeted amount. Sales tax was \$170,723 and income tax was \$130,872 over the budget amounts due to local commercial development and an increase in the per capita values of income tax. The Village Board did vote to transfer \$455,000 to the Building Fund from the prior year's excess of revenues or expenditures and the budget reflect this.

Interest income was budgeted at a conservative amount of \$95,000 and rising interest rates and an aggressive investment strategy helped increase investment income to \$277,207.

Park donation income was \$294,789 over budgeted amounts while the forfeiture of expired construction completion bonds amounted to \$45,000 in miscellaneous revenue.

Fiscal 2008 was the first year a program budget was implemented and while the General Fund did not exceed budgetary controls, individual programs may have exceeded budget. Fine tuning the program budget and allocating costs to the appropriate program will help alleviate some of this. Certain programs did come in over budget. Specifically the Village Attorney was over budget; however since a large percentage of this expenditure was on traffic matters, the expenditure will be partially recouped through court fine revenue. Information Technology was also over its program budget due to an unexpected server problem and the Streets program exceeded budget since personnel costs involved in snow removal was larger than anticipated. Additionally, the Central Services program exceeded budget since disbursements for economic incentive agreements were larger than anticipated; the sales tax revenue likewise reflected this increase.

VILLAGE OF SHOREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 5
General Fund Budget versus Actual
Fiscal year ended March 31, 2008

	Original Budget	Amended Budget	Actual
Revenues			
Property Taxes	1,041,940	1,041,940	1,072,305
Other taxes	5,701,059	5,701,059	5,948,248
Licenses, permits, and fines	1,566,005	1,566,005	1,358,376
Franchise Fees	170,517	170,517	200,100
Investment Income	95,000	95,000	277,207
Charges for sales and services	900,045	900,045	945,552
Grant Income	-	-	12,800
Miscellaneous	83,500	83,500	481,378
Total	9,558,066	9,558,066	10,295,966
Expenditures & Transfers			
General Government	3,389,027	3,389,027	3,558,368
Public Safety	3,518,512	3,518,512	3,381,330
Public Works	1,930,342	1,930,342	1,844,325
Parks and Recreation	1,330,102	1,330,102	451,761
Capital Outlay	(154,413)	(154,413)	446,067
Transfers Out	(234,600)	(234,600)	661,582
Total	9,778,970	9,778,970	10,343,433
Change in Fund Balance	(220,904)	(220,904)	(47,467)

Building Fund Functions

The Building Fund was established with the proceeds of the 2004 GO Bonds. The proceeds were designated for the construction of a new Village Hall and the remodeling of the existing Village Hall for use by the Police Department. Additional sources of revenue were the transfer of excess funds by the General Fund and the Water/Sewer Fund. Construction of the new Village Hall began in fiscal 2007 and was completed during fiscal 2008. The Building Fund was also used to account for the building of a Salt Dome for Public Works and for the remodeling of the Police Department structure.

Business-type Activities

Revenue

Water and sewer service revenue increased from \$3,357,003 in fiscal 2007 to \$3,583,485 in fiscal 2008 (a 7% increase). Building Permits were down 58% over fiscal 2007 resulting in a decrease in water / sewer connection fees and capital impact fees of \$1,832,519 (58%)

VILLAGE OF SHOREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 6
Water/Sewer Fund-Revenue & Expenditures
as of March 31, 2008

	<u>2008</u>	<u>2007</u>	<u>Difference</u>	<u>% Increase (Decrease)</u>
Water Sales	1,623,817	1,606,012	17,805	1.1%
Sewer Sales	1,959,668	1,750,991	208,677	10.6%
Conn.Fees/Cap.Impact Fees	2,480,516	4,313,035	(1,832,519)	-73.9%
Investment Income	733,267	737,830	(4,563)	-0.6%
Contributions	0	0	0	----
Total Revenue	6,797,268	8,407,868	(1,610,600)	-23.7%
Water Department	1,045,238	1,009,752	35,486	3.4%
Sewer Department	1,599,275	1,518,275	81,000	5.1%
Capital Programs	142,808	313,725	(170,917)	-119.7%
Depreciation/Amortization	996,131	944,180	51,951	5.2%
Investment Expense	219,206	225,155	(5,949)	-2.7%
Loss on Disposal of Assets	0	58,371	(58,371)	----
Transfers Out	2,995,389	1,507,559	1,487,830	49.7%
Total Expenditures	6,998,047	5,577,017	1,421,030	20.3%
Change in Net Assets	(200,779)	2,830,851	(379,140)	1509.9%

Expenses

In fiscal 2008 transfers included \$500,000 transferred to the Building Fund for construction of the new Village Hall and \$2,495,389 transferred to the Capital Projects Fund (part of the General Operating Fund). Capital Impact fees that are recorded as revenue in the Capital Improvement Fund may be used for either water/sewer projects or transferred to General Fund (Capital Projects) for Public Works projects per Village Ordinance.

Capital Assets

The Village's governmental capital assets increased \$6,164,862 and business-type assets increased \$2,886,701 for a combined increase of \$9,051,563 during fiscal 2008. The primary increase in Governmental Activities was the completion of the new Village hall and the completion of the Force Main from Mound Road to Rock Run and the drilling of two new deep wells in the Water/Sewer Fund.

The Village's Capital Assets are summarized in Table 7.

	Table 7		Business-Type Activities		Total	
	Governmental Activities		2008	2007	2008	2007
	2008	2007				
Non-Depreciable Assets						
Land	5,200,701	5,200,701	1,042,601	570,864	6,243,302	5,771,565
Land Right of Way	22,401,770	22,401,770	0	0	22,401,770	22,401,770
Construction in Progress	0	4,970,970	2,699,757	2,468,726	2,699,757	7,439,696
Capital Assets being Depreciated						
Buildings and Improvements	14,530,322	3,038,778	0	0	14,530,322	3,038,778
Vehicles, Machinery, & Equipment	4,511,372	3,639,056	1,003,263	822,772	5,514,635	4,461,828
Water Purchase Rights	0	0	4,331,124	4,331,124	4,331,124	4,331,124
Infrastructure	106,570,095	104,762,320	30,766,303	27,771,607	137,336,398	132,533,927
Less Accumulated Depreciation	(27,942,181)	(24,906,378)	(7,193,746)	(6,202,492)	(35,135,927)	(31,108,870)
Net Assets	125,272,079	119,107,217	32,649,302	29,762,601	157,921,381	148,869,818

**VILLAGE OF SHOREWOOD, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Long-term debt

At the end of the fiscal year, the Village had total bonded debt outstanding of \$10.7 million. Of this amount \$285,000 is funded directly from property taxes. The other funding for outstanding debt is from utility tax revenue, water/sewer tap-on fees, and water/sewer sales revenue. New debt was issued during the current year in the amount of \$285,000 in the form of a Limited Tax Bond. Proceeds from this Bond in conjunction with utility taxes are pledged to the 2004 GO Bond. The 2004 GO Bond was issued for the construction of a new Village Hall. As a non-home rule government, under Illinois law, the Village has a legal debt limit of 8.625% of the Village's Equalized Assessed Valuation. The Village's EAV for 2007 was \$498,805,003

Debt, which pledges an alternate revenue source, is not subject to the debt limitation. The issuance of the 2007 Limited Tax Bond for \$285,000 encumbers the legal debt limit thus reducing the unencumbered debt limit from \$43,021,931 to \$42,736,931. Should the Village ever opt to levy taxes on debt where revenue was pledged, then that debt becomes subject to the debt limitation. (See note 7 on pages 29 - 32)

Economic Factors

The Village of Shorewood is located in Troy Township in Western Will County, 40 miles southwest of downtown Chicago. Since the 2000 census, Will County's population has grown by 28%; the largest in the State and Will County is first in new home construction in Illinois. Will County is also the 4th fastest growing county of 10,000+ people in the United States between 2000 and 2005. Despite a weakened State economy that continues to lag behind other states in its economic recovery since 2001, Shorewood has continued to diversify its sales tax base by bringing major commercial development to the municipality. The intersection of Interstate 55 and Interstate 80 is approximately one mile south of Shorewood and two other highways, U.S. 52 and State Route 59, intersect in the Village. Although Shorewood continues to be a primarily residential community, commercial growth has occurred primarily on State Route 59 with a new Towne Center with a commercial base planned for U.S. 52 in the next one-two years.

The new Village Hall was completed in fiscal 2008 and will serve as an anchor for the development of a Towne Center for the Village of Shorewood. Plans for a new Kohl's store are underway in the Towne Center and a residential development is also in progress. The goal of the new Towne Center is to develop a traditional downtown environment where residents can shop, dine, and relax all in one location.

The Village of Shorewood has risen to the challenge of a fast growing community. Additional challenges in the next 2-5 years await the Village as they move to a new water source (from wells to Lake Michigan water) and build their own wastewater treatment facility as the Village expands into Kendall County. Water and Sewer rates were reviewed by an independent service during fiscal 2008 with a resulting increase of 6% in the rates. The Village will need to develop alternate revenue sources and fine tune their debt management as these projects come to fruition.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations and demonstrate the Village's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Village's Finance Director, 903 W Jefferson St., Shorewood, IL, 60404 or access the Village website at www.vil.shorewood.il.us.

VILLAGE OF SHOREWOOD, ILLINOIS

STATEMENT OF NET ASSETS

March 31, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,937,735	\$ 2,342,683	\$ 5,280,418
Investments	2,971,536	9,556,553	12,528,089
Restricted assets			
Accounts receivable	-	1,428	1,428
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	1,444,415	-	1,444,415
Accrued interest	-	76,205	76,205
Water customers	-	446,238	446,238
Other	1,368,636	-	1,368,636
Prepaid expenses	175,159	29,099	204,258
Due from other governments	892,206	-	892,206
Capital assets not being depreciated	27,602,471	3,742,358	31,344,829
Capital assets (net of accumulated depreciation)	97,669,608	28,906,944	126,576,552
Total assets	135,061,766	45,101,508	180,163,274
LIABILITIES			
Accounts payable	934,236	547,072	1,481,308
Accrued payroll	198,549	26,126	224,675
Deposits payable	-	4,000	4,000
Economic incentive payable	397,908	-	397,908
Retainage payable	449,536	267,177	716,713
Accrued interest payable	69,456	108,910	178,366
Due to fiduciary funds	466	-	466
Other payables	384,570	-	384,570
Deferred property taxes	1,444,415	-	1,444,415
Deferred revenues	28,755	50,000	78,755
Noncurrent liabilities			
Due within one year	596,672	250,490	847,162
Due in more than one year	5,908,115	4,501,959	10,410,074
Total liabilities	10,412,678	5,755,734	16,168,412
NET ASSETS			
Invested in capital assets, net of related debt	119,351,611	27,949,302	147,300,913
Restricted for			
Specific purposes	-	9,744,710	9,744,710
Maintenance of roadways	156,877	-	156,877
Public safety	36,328	-	36,328
Debt service	6,695	-	6,695
Unrestricted	5,097,577	1,651,762	6,749,339
TOTAL NET ASSETS	\$ 124,649,088	\$ 39,345,774	\$ 163,994,862

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 3,643,976	\$ 1,984,466	\$ -	\$ -
Public safety	3,221,391	227,230	500	12,300
Public works	4,713,181	-	-	-
Highways and streets	593,387	-	405,109	993,555
Parks and recreation	484,571	327,073	-	-
Interest	258,746	-	-	-
Total governmental activities	12,915,252	2,538,769	405,609	1,005,855
Business-Type Activities				
Water and sewer	4,002,658	6,064,001	-	-
Total business-type activities	4,002,658	6,064,001	-	-
TOTAL PRIMARY GOVERNMENT	\$ 16,917,910	\$ 8,602,770	\$ 405,609	\$ 1,005,855

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (1,659,510)	\$ -	\$ (1,659,510)
	(2,981,361)	-	(2,981,361)
	(4,713,181)	-	(4,713,181)
	805,277	-	805,277
	(157,498)	-	(157,498)
	(258,746)	-	(258,746)
	<u>(8,965,019)</u>	<u>-</u>	<u>(8,965,019)</u>
	-	2,061,343	2,061,343
	-	2,061,343	2,061,343
	<u>(8,965,019)</u>	<u>2,061,343</u>	<u>(6,903,676)</u>
General revenues			
Taxes			
Property	1,368,567	-	1,368,567
Replacement	73,912	-	73,912
Sales	3,313,376	-	3,313,376
Income	1,271,187	-	1,271,187
Simplified telecommunications	290,057	-	290,057
Utility	794,391	-	794,391
Other	405,426	-	405,426
Investment income	461,277	733,267	1,194,544
Miscellaneous	295,809	-	295,809
Transfers in (out)	2,995,389	(2,995,389)	-
Total	<u>11,269,391</u>	<u>(2,262,122)</u>	<u>9,007,269</u>
CHANGE IN NET ASSETS	2,304,372	(200,779)	2,103,593
NET ASSETS, APRIL 1	<u>122,344,716</u>	<u>39,546,553</u>	<u>161,891,269</u>
NET ASSETS, MARCH 31	<u>\$ 124,649,088</u>	<u>\$ 39,345,774</u>	<u>\$ 163,994,862</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

March 31, 2008

	General	Building	Nonmajor Governmental	Total
ASSETS				
Cash and cash equivalents	\$ 1,415,682	\$ 880,105	\$ 641,948	\$ 2,937,735
Investments	2,849,689	5,224	116,623	2,971,536
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	1,151,582	-	292,833	1,444,415
Other	375,081	-	993,555	1,368,636
Due from other governments	839,876	-	52,330	892,206
Prepaid items	175,159	-	-	175,159
TOTAL ASSETS	\$ 6,807,069	\$ 885,329	\$ 2,097,289	\$ 9,789,687
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 306,551	\$ -	\$ 627,685	\$ 934,236
Accrued payroll	198,549	-	-	198,549
Retainage payable	-	410,191	39,345	449,536
Economic incentive payable	397,908	-	-	397,908
Due to fiduciary funds	466	-	-	466
Other payables	384,570	-	-	384,570
Deferred property taxes	1,151,582	-	292,833	1,444,415
Other deferred revenue	28,755	-	-	28,755
Total liabilities	2,468,381	410,191	959,863	3,838,435
FUND BALANCES				
Reserved for prepaid items	175,159	-	-	175,159
Reserved for maintenance of roadways	-	-	156,877	156,877
Reserved for public safety	-	-	36,328	36,328
Reserved for debt service	-	-	6,695	6,695
Unreserved				
Designated for future expenditures	-	475,138	-	475,138
Designated for operating reserves	1,356,631	-	-	1,356,631
Undesignated - General Fund	2,806,898	-	-	2,806,898
Undesignated	-	-	937,526	937,526
Total fund balances	4,338,688	475,138	1,137,426	5,951,252
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,807,069	\$ 885,329	\$ 2,097,289	\$ 9,789,687

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

March 31, 2008

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 5,951,252
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 governmental funds	125,272,079
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable	(6,000,000)
Compensated absences payable	(308,359)
Accrued interest on long-term liabilities is shown as a liability on the statement of net assets	(69,456)
The discount on bonds payable and bond issuance costs are reported as deferred charges and amortized over the life of the bonds	79,532
The net pension obligation of the police pension fund is included in the governmental activities in the statement of net assets	<u>(275,960)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 124,649,088</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended March 31, 2008

	General	Building	Nonmajor Governmental	Total
REVENUES				
Property taxes	\$ 1,072,305	\$ -	\$ 296,263	\$ 1,368,568
Other taxes	5,948,248	-	405,109	6,353,357
Licenses, permits and fines	1,358,376	-	-	1,358,376
Franchise fees	200,100	-	-	200,100
Grant income	12,800	-	-	12,800
Charges for services	945,552	-	-	945,552
Developer reimbursements	-	-	993,555	993,555
Investment income	277,207	169,941	14,128	461,276
Miscellaneous	481,378	32,243	17,030	530,651
Total revenues	10,295,966	202,184	1,726,085	12,224,235
EXPENDITURES				
Current				
General government	3,558,368	-	-	3,558,368
Public safety	3,381,330	-	8,488	3,389,818
Public works	1,844,325	-	-	1,844,325
Highways and streets	-	-	590,327	590,327
Parks and recreation	451,761	-	-	451,761
Capital outlay	446,067	6,535,372	1,856,761	8,838,200
Debt service				
Principal	-	-	535,000	535,000
Interest and fiscal charges	-	-	256,577	256,577
Total expenditures	9,681,851	6,535,372	3,247,153	19,464,376
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	614,115	(6,333,188)	(1,521,068)	(7,240,141)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,455,000	2,901,971	4,356,971
Transfers (out)	(661,582)	-	(700,000)	(1,361,582)
Issuance of debt, at par	-	-	285,000	285,000
Total other financing sources (uses)	(661,582)	1,455,000	2,486,971	3,280,389
NET CHANGE IN FUND BALANCES	(47,467)	(4,878,188)	965,903	(3,959,752)
FUND BALANCES, APRIL 1	4,386,155	5,353,326	171,523	9,911,004
FUND BALANCES, MARCH 31	\$ 4,338,688	\$ 475,138	\$ 1,137,426	\$ 5,951,252

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (3,959,752)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	9,405,578
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(3,240,716)
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	535,000
The proceeds from issuance of bonds are reported as an other financing source in governmental funds but as an increase of principal outstanding on the statement of net assets	(285,000)
The amortization of deferred charges is reported as an expense on the statement of activities	(4,971)
The decrease in interest payable is reported as a reduction of expense on the statement of activities	2,802
The increase in compensated absences is reported as an increase to expense on the statement of activities	(124,328)
The increase in net pension obligation is reported as an addition to expense on the statement of activities	<u>(24,241)</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,304,372</u></u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUND

March 31, 2008

	Business-Type Activities
	<u>Water and Sewer Fund</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,342,683
Investments	9,556,553
Restricted assets	
Accounts receivable	1,428
Receivables (net, where applicable, of allowances for uncollectibles)	
Water customers	446,238
Accrued interest	76,205
Prepaid items	<u>29,099</u>
Total current assets	<u>12,452,206</u>
CAPITAL ASSETS	
Nondepreciable	3,742,358
Depreciable	35,220,168
Accumulated depreciation	<u>(6,313,224)</u>
Net capital assets	<u>32,649,302</u>
Total assets	<u>45,101,508</u>

(This statement is continued on the following page.)

VILLAGE OF SHOREWOOD, ILLINOIS
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUND

March 31, 2008

	Business-Type Activities
	Water and Sewer Fund
CURRENT LIABILITIES	
Accounts payable	\$ 547,072
Accrued payroll	26,126
Deposits payable	4,000
Retainage payable	267,177
Interest payable	108,910
Deferred revenue	50,000
Current portion of compensated absences payable	10,490
Current portion of general obligation bonds payable	240,000
Total current liabilities	1,253,775
LONG-TERM LIABILITIES	
Compensated absences payable	41,959
General obligation bonds payable	4,460,000
Total long-term liabilities	4,501,959
Total liabilities	5,755,734
NET ASSETS	
Invested in capital assets, net of related debt	27,949,302
Restricted	9,744,710
Unrestricted	1,651,762
TOTAL NET ASSETS	\$ 39,345,774

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUND

For the Year Ended March 31, 2008

	Business-Type Activities <u>Water and Sewer Fund</u>
OPERATING REVENUES	
Water and sewer service	\$ 3,583,485
Total operating revenues	<u>3,583,485</u>
OPERATING EXPENSES	
Water department	1,045,238
Sewer department	1,599,275
Capital programs	142,808
Depreciation and amortization	<u>996,131</u>
Total operating expenses	<u>3,783,452</u>
OPERATING INCOME (LOSS)	<u>(199,967)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees and capital improvement fees	2,480,516
Investment income	733,267
Interest expense	<u>(219,206)</u>
Total nonoperating revenues (expenses)	<u>2,994,577</u>
INCOME BEFORE TRANSFERS	<u>2,794,610</u>
TRANSFERS	
Transfers (out)	<u>(2,995,389)</u>
Total transfers	<u>(2,995,389)</u>
CHANGE IN NET ASSETS	(200,779)
NET ASSETS, APRIL 1	<u>39,546,553</u>
NET ASSETS, MARCH 31	<u>\$ 39,345,774</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

For the Year Ended March 31, 2008

	Business-Type Activities <u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,585,907
Payments to suppliers	(1,657,381)
Payments to employees	<u>(817,314)</u>
Net cash from operating activities	<u>1,111,212</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Connection fees and capital improvement fees	2,480,516
Transfers (out)	<u>(2,995,389)</u>
Net cash from noncapital financing activities	<u>(514,873)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital assets purchased	(3,865,942)
Bond principal payments	(235,000)
Bond interest payments	<u>(222,183)</u>
Net cash from capital and related financing activities	<u>(4,323,125)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	4,138,470
Interest received	<u>724,488</u>
Net cash from investing activities	<u>4,862,958</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,136,172
CASH AND CASH EQUIVALENTS, APRIL 1	<u>1,206,511</u>
CASH AND CASH EQUIVALENTS, MARCH 31	<u>\$ 2,342,683</u>
CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	<u>\$ 2,342,683</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,342,683</u>

(This statement is continued on the following page.)

VILLAGE OF SHOREWOOD, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUND

For the Year Ended March 31, 2008

	Business-Type Activities <u>Water and Sewer Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (199,967)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation and amortization	996,131
Effects of changes in operating assets and liabilities	
Water customer receivables	4,422
Prepaid assets	(1,082)
Accounts payable	301,124
Accrued payroll payable	2,042
Compensated absences	10,542
Deposits payable	<u>(2,000)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 1,111,212</u>
NONCASH TRANSACTIONS	
None	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

March 31, 2008

	Pension Trust	Agency
	Police Pension	Liability
ASSETS		
Cash and cash equivalents	\$ 63,188	\$ 917,272
Investments, at fair value		
Illinois Funds	-	80,572
U.S. Treasury securities	328,630	-
U.S. Agency securities	2,472,996	-
Municipal bonds	424,937	-
Equity securities	1,564,124	-
Receivables		
Interest	40,789	-
Contributions	11,952	-
Due from other funds	466	-
Due from developers	-	326,911
	<u>4,907,082</u>	<u>\$ 1,324,755</u>
Total assets		
LIABILITIES		
Deposits	-	1,324,755
	<u>-</u>	<u>\$ 1,324,755</u>
Total liabilities		
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 4,907,082</u></u>	

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND

For the Year Ended March 31, 2008

ADDITIONS	
Contributions - employer	\$ 379,393
Contributions - plan members	171,178
Miscellaneous	<u>4,652</u>
Total contributions	<u>555,223</u>
Investment income	
Net appreciation (depreciation) in fair value of investments	(86,373)
Interest	254,168
Less investment expenses	<u>(18,797)</u>
Net investment income	<u>148,998</u>
Total additions	<u>704,221</u>
DEDUCTIONS	
Benefits	97,363
Professional fees	2,000
Miscellaneous	<u>2,212</u>
Total deductions	<u>101,575</u>
NET INCREASE	602,646
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
April 1	<u>4,304,436</u>
March 31	<u><u>\$ 4,907,082</u></u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Shorewood, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles (GAAP)), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village, for financial statement reporting purposes, includes all of the funds relevant to the operations of the Village. The financial statements presented herein do not include agencies which have been formed under applicable state laws as separate and distinct units of government, apart from the Village.

The financial statements present only the Village since the Village has no component units.

b. Fund Accounting

The Village uses funds to report on its financial position, changes in its financial position and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental, proprietary and fiduciary.

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. When these assets are held under the terms of a formal trust agreement, a pension trust fund may be used. Agency funds generally are used to account for assets that the Village holds on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements except that interfund services provided/used, if any, are not eliminated as part of the consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The Village reports the following major governmental funds:

The 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 Building Fund is used to account for the construction of the new Village Hall.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major proprietary fund:

The Water and Sewer Fund - Water and Sewer is used to account for all activity necessary to provide water and sewer service to the residents of the Village including administration, operation, maintenance, financing and related debt service.

The Village reports pension trust funds as Fiduciary Funds to account for the Police Pension Fund. Furthermore, the Village reports the Liability Fund as an agency fund to account for amounts collected from developers that are held by the Village in an agent capacity for other governments.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for the agency funds which do not have a measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance).

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village recognizes property taxes when they become both measurable and available in the period intended to finance. A 90 day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue and charges for services. Sales and motor fuel taxes collected and held by the state at year end on behalf of the Village are also recognized as revenue. Fines, permits and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The Village reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” or “earned” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

e. Cash in Commingled Account

The Village uses a single money market account to process most of its operating transactions. This account is commingled in that several funds share this account and have rights to the extent of their respective equity in the aggregate balance. Accounting records are maintained to recognize each fund’s share of the aggregate account balance. The General Fund, Motor Fuel Tax Fund, Debt Service Fund, Capital Projects Fund, Water and Sewer Fund, Asset Forfeiture Fund, Drug Prevention (DARE) Fund and the Liability Fund participate in the commingled account.

f. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village’s proprietary fund considers all highly liquid investments, including restricted cash, with a maturity of three months or less when purchased to be cash equivalents.

g. Investments

All investments, regardless of length of maturity, are reported at fair value. Fair value is based on published market quotes as of March 31 or contract values for insurance contracts.

VILLAGE OF SHOREWOOD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Short-Term Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the financial statements.

i. Inventories

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

j. Prepaid Items/Expenses

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

k. Capital Assets

Capital assets, which include property, plant, equipment, water and sewer system and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$2,000 and an estimated useful life in excess of two years.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

Depreciation of buildings, equipment, water/sewer systems and vehicles is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and building improvements	15-40
Water/sewer system	15-40
Vehicles, machinery and equipment	3-7
Infrastructure	40

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets (Continued)

Construction and acquisition fees represent payments to the City of Joliet for rights to utilize their sewerage treatment plant and the cost to hookup to it.

l. Compensated Absences

Vested or accumulated vacation leave, including related social security and medicare, that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements, and the remainder is reported in the governmental activities. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expenditure is reported and a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as “terminal leave” at retirement.

All full-time employees may accumulate vacation days after they have completed one year of service. Accumulated vacation days are required to be taken within one year of their accrual and may be paid if the work schedule denies an employee reasonable opportunity to utilize accumulated vacation days.

A maximum of 50 days sick leave can be accumulated for the subsequent use or for payment at retirement of 100% of the accumulated value based on current salary. Employees must have at least 20 years continuous full-time service to be eligible under the program.

m. Long-Term Obligations

In the government-wide financial statements and proprietary funds 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 financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Long-Term Obligations (Continued)

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

n. Payable from Restricted Assets

Certain assets of the Village's enterprise fund have been restricted for debt service. Restricted net assets include the excess of assets over certain liabilities restricted for the debt service on revenue bonds.

o. Fund Balances/Net Assets

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. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the net assets are restricted as a result of enabling legislation adopted by the Village. Invested in capital assets, net of related debt is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire the capital assets.

p. GASB Pronouncements

The Village has elected, under the provisions of GASB Statement No. 20, titled "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*," to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

2. DEPOSITS AND INVESTMENTS

Illinois Compiled Statutes and the Village's investment policy authorize the Village to make deposits/invest in insured commercial banks, insured savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, short-term commercial paper rated with the highest classification by at least one standard rating service, Illinois Metropolitan Investment Fund (IMET) and Illinois Funds.

In addition to those listed above, the pension fund may also invest in money market mutual funds, direct obligations of the State of Israel, life insurance separate accounts (not to exceed 10% of the portfolio), mutual funds and common and preferred stocks (not to exceed 35% of the portfolio).

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety (preservation of capital and protection of investment principal), diversification, liquidity and yield.

a. Village Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires the pledging of collateral of 110% of all bank balances in excess of federal depository insurance with the collateral held by the Village, or in safekeeping (held by a third party or escrow agent of the pledging institution) and evidenced by a safekeeping agreement.

As of March 31, 2008, the Village's deposits were insured or collateralized in accordance with the investment policy.

b. Village/Pension Investments

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed to make current operating expenditures/expenses. The Village's investment policy does not specify maximum maturity lengths of investments; however the pension fund's investment policy does not allow investments with maturities in excess of ten years without specific board approval.

VILLAGE OF SHOREWOOD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village/Pension Investments (Continued)

The Village and the pension fund limit their exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in IMET, Illinois Funds, money market mutual funds, and U.S. Agency securities even though the investment policies allow other investments. For the Village's investments, IMET and Illinois Funds are rated AAA. For the Police Pension Fund's investments, the U.S. Agency Obligations are rated AAA and the municipal bonds are rated AA- to AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village or pension fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village and pension fund invests in IMET and Illinois Funds.

Concentration of credit risk - The Village's investment policy requires diversification of the portfolio and specifies diversification targets or limits as follows:

- No financial institution may hold more than 30% of the Village's liquid accounts, but they may also hold term investments to a maximum of 50%
- Illinois Funds shall not exceed 30% of the Village's investment portfolio
- IMET shall not exceed 30% of the Village's investment portfolio

The Police Pension Fund's investment policy requires the following diversification guidelines:

Investment	Normal Allocation	Range of Allocation
Cash, Money Market, Illinois Funds	0%	0 - 40%
Bank Certificates of Deposit	0%	0 - 40%
U.S. Treasury Securities	30%	0 - 60%
U.S. Government Agency Securities	50%	0 - 75%
U.S. Government Agency MBS's	10%	0 - 30%
Taxable Municipal Securities	10%	0 - 20%
U.S. Large Company Stocks	70%	+/- 30%
U.S. Small Company Stocks	20%	+/- 20%
Foreign Stocks	10%	+/- 10%

VILLAGE OF SHOREWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

c. Village Investments

The following table presents the investments and maturities of the Village's debt securities as of March 31, 2008:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Illinois Funds	\$ 2,406,295	\$ 2,406,295	\$ -	\$ -	\$ -
IMET	2,494,849	-	2,494,849	-	-
TOTAL	\$ 4,901,144	\$ 2,406,295	\$ 2,494,849	\$ -	\$ -

d. Police Pension Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of March 31, 2008:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 328,630	\$ -	\$ -	\$ 201,975	\$ 126,655
U.S. Agency obligations	2,472,996	352,672	912,722	811,508	396,094
Municipal Bonds	424,937	-	103,439	143,894	177,604
TOTAL	\$ 3,226,563	\$ 352,672	\$ 1,016,161	\$ 1,157,377	\$ 700,353

3. PROPERTY TAXES

Property taxes for the 2007 levy year attach as an enforceable lien on January 1, 2007, on property value assessed as of the same date. Taxes are levied by December 31 of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2008 and August 1, 2008, and are payable in two installments, on or about June 1, 2008 and September 1, 2008. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience. Because the 2007 levy is intended to finance the fiscal year ended March 31, 2009, it has been offset by deferred revenue at March 31, 2008.

The 2008 tax levy, which attached as an enforceable lien on property as of January 1, 2008, has not been recorded as a receivable as of March 31, 2008 as the tax has not yet been levied by the Village and will not be levied until December 2008, and, therefore, the levy is not measurable at March 31, 2008.

VILLAGE OF SHOREWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RECEIVABLES

The following receivables are included in Other Receivables on the Statement of Net Assets:

GOVERNMENTAL ACTIVITIES

Franchise tax	\$ 43,803
Utility tax	305,858
Due from developer	993,555
Other	<u>25,420</u>

TOTAL	<u>\$ 1,368,636</u>
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The following receivables are included in Due from Other Governments on the Statement of Net Assets:

GOVERNMENTAL ACTIVITIES

Sales tax	\$ 694,842
Grants	22,503
Income tax	81,703
Local use tax	49,162
Motor fuel tax	29,827
Court fines	<u>14,169</u>

TOTAL	<u>\$ 892,206</u>
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5. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 was as follows:

	Balances April 1	Increases	Decreases	Balances March 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 5,200,701	\$ -	\$ -	\$ 5,200,701
Land right of way	22,401,770	-	-	22,401,770
Construction in progress	4,970,970	-	4,970,970	-
Total capital assets not being depreciated	<u>32,573,441</u>	<u>-</u>	<u>4,970,970</u>	<u>27,602,471</u>
Capital assets being depreciated				
Buildings and improvements	3,038,778	11,988,115	496,573	14,530,320
Vehicles, machinery and equipment	3,639,056	1,077,231	204,915	4,511,372
Infrastructure	104,762,320	1,807,775	-	106,570,095
Total capital assets being depreciated	<u>111,440,154</u>	<u>14,873,121</u>	<u>701,488</u>	<u>125,611,787</u>

VILLAGE OF SHOREWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

	Balances April 1	Increases	Decreases	Balances March 31
GOVERNMENTAL ACTIVITIES (Continued)				
Less accumulated depreciation for				
Buildings and improvements	\$ 921,530	\$ 263,340	\$ 204,915	\$ 979,955
Vehicles, machinery and equipment	1,570,557	413,017	-	1,983,574
Infrastructure	22,414,291	2,564,359	-	24,978,650
Total accumulated depreciation	24,906,378	3,240,716	204,915	27,942,179
Total capital assets being depreciated, net	86,533,776	11,632,405	496,573	97,669,608
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 119,107,217	\$ 11,632,405	\$ 5,467,543	\$ 125,272,079
	Balances April 1, Restated	Increases	Decreases	Balances March 31
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 570,864	\$ 471,737	\$ -	\$ 1,042,601
Construction in progress	2,468,726	2,694,136	2,463,105	2,699,757
Total capital assets not being depreciated	3,039,590	3,165,873	2,463,105	3,742,358
Capital assets being depreciated				
Furniture and equipment	822,772	180,491	-	1,003,263
Sewerage treatment rights	4,331,124	-	-	4,331,124
Water/sewer distribution system	27,771,607	2,994,696	-	30,766,303
Total capital assets being depreciated	32,925,503	3,175,187	-	36,100,690
Less accumulated depreciation for				
Furniture and equipment	489,952	80,736	-	570,688
Sewerage treatment rights	773,170	107,351	-	880,521
Water/sewer distribution system	4,939,370	803,167	-	5,742,537
Total accumulated depreciation	6,202,492	991,254	-	7,193,746
Total capital assets being depreciated, net	26,723,011	2,183,933	-	28,906,944
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 29,762,601	\$ 5,349,806	\$ 2,463,105	\$ 32,649,302

* Business-type capital assets were increased at April 1, 2007 by \$3,557,954 to reclassify noncurrent water purchase rights to depreciable capital assets.

VILLAGE OF SHOREWOOD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 176,049
Public safety	151,974
Public works	2,764,397
Culture and recreation	<u>148,296</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u><u>\$ 3,240,716</u></u>

6. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage and destruction of assets; errors and omissions; injuries to employees; and net income losses. To insure against the losses, the Village participates in the Southwest Agency for Risk Management (SWARM), a public entity risk pool with transfers of risk. The Village pays an annual premium to SWARM for property, public liability, automobile liability, crime and workers' compensation coverage. The Village purchases employee health insurance through Southwest Agency Health Management (SWAHM).

There has been no significant reduction in coverage the prior year. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

7. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

During the year ended March 31, 2008 the following changes occurred in long-term liabilities:

	Balances April 1	Additions	Reductions	Balances March 31	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 6,250,000	\$ 285,000	\$ 535,000	\$ 6,000,000	\$ 535,000
Compensated absences*	184,031	161,134	36,806	308,359	61,672
Net pension obligation	251,719	24,241	-	275,960	-
Unamortized discount on bonds	(84,503)	-	(4,971)	(79,532)	-
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>\$ 6,601,247</u>	 <u>\$ 470,375</u>	 <u>\$ 566,835</u>	 <u>\$ 6,504,787</u>	 <u>\$ 596,672</u>

*Compensated absences are typically paid by the General Fund.

VILLAGE OF SHOREWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

a. Changes in Long-Term Liabilities (Continued)

	Balances April 1	Additions	Reductions	Balances March 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
General obligation bonds					
Water	\$ 4,935,000	\$ -	\$ 235,000	\$ 4,700,000	\$ 240,000
Compensated absences	41,907	18,923	8,381	52,449	10,490
Unamortized discount on bonds	(4,876)	-	(4,876)	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 4,972,031</u>	<u>\$ 18,923</u>	<u>\$ 238,505</u>	<u>\$ 4,752,449</u>	<u>\$ 250,490</u>

b. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

	Fund Debt Retired By	Balances April 1	Additions	Reductions	Balances March 31	Current Portion
**\$6,365,000 General Obligation Bonds, Series 2004, dated September 15, 2004, due in annual installments plus interest at 3.125% to 4.45% through December 15, 2024.	Debt Service	\$ 5,965,000	\$ -	\$ 250,000	\$ 5,715,000	\$ 250,000

VILLAGE OF SHOREWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

b. General Obligation Bonds (Continued)

	Fund Debt Retired By	Balances April 1	Additions	Reductions	Balances March 31	Current Portion
\$285,000 General Obligation Bonds, Series 2006, dated November 29, 2006, due in annual installments plus interest at 3.9% through December 1, 2007.	Debt Service	\$ 285,000	\$ -	\$ 285,000	\$ -	\$ -
\$285,000 General Obligation Bonds, Series 2007, dated November 28, 2007, due in annual installments plus interest at 3.65% through December 1, 2008	Debt Service	-	285,000	-	285,000	285,000
***\$4,600,000 General Obligation Bond, Series 2001, dated April 1, 2001, due in annual installments plus interest at 4.25% to 4.75% through April 1, 2021.	Water and Sewer	4,505,000	-	25,000	4,480,000	20,000
***\$1,055,000 General Obligation Refunding Bonds, Series 2003, dated May 1, 2003, due in annual installments plus interest at 1.20% to 2.60% through April 1, 2008.	Water and Sewer	430,000	-	210,000	220,000	220,000
TOTAL		\$11,185,000	\$ 285,000	\$ 770,000	\$10,700,000	\$ 775,000

** Utility tax and limited tax bonds are pledged to retire the Series 2004 bonds. Property tax levies will be abated in future years.

*** Water and sewer tap-on fees are pledged for the retirement of the Series 2001 Bonds. Property tax levies have been abated to date.

VILLAGE OF SHOREWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity

Annual individual bond issue's debt service requirements to maturity are as follows:

Governmental Activities

Fiscal Year Ending March 31	\$6,365,000 General Obligation Bonds Series 2004		\$285,000 General Obligation Bonds Series 2007		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 250,000	\$ 226,150	\$ 285,000	\$ 10,489	\$ 535,000	\$ 236,639
2010	250,000	217,400	-	-	250,000	217,400
2011	260,000	208,650	-	-	260,000	208,650
2012	275,000	199,550	-	-	275,000	199,550
2013	275,000	189,925	-	-	275,000	189,925
2014	300,000	180,300	-	-	300,000	180,300
2015	300,000	169,800	-	-	300,000	169,800
2016	325,000	159,000	-	-	325,000	159,000
2017	325,000	146,975	-	-	325,000	146,975
2018	335,000	134,462	-	-	335,000	134,462
2019	350,000	121,063	-	-	350,000	121,063
2020	370,000	106,712	-	-	370,000	106,712
2021	375,000	91,450	-	-	375,000	91,450
2022	400,000	75,513	-	-	400,000	75,513
2023	425,000	58,313	-	-	425,000	58,313
2024	450,000	39,825	-	-	450,000	39,825
2025	450,000	39,825	-	-	450,000	39,825
TOTAL	\$ 5,715,000	\$ 2,364,913	\$ 285,000	\$ 10,489	\$ 6,000,000	\$ 2,375,402

Business-Type Activities

Fiscal Year Ending March 31	\$4,600,000 General Obligation Bonds Series 2001		\$1,055,000 General Obligation Refunding Bonds Series 2003		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 20,000	\$ 211,650	\$ 220,000	\$ 2,860	\$ 240,000	\$ 214,510
2010	260,000	205,350	-	-	260,000	205,350
2011	270,000	193,088	-	-	270,000	193,088
2012	285,000	179,906	-	-	285,000	179,906
2013	290,000	166,250	-	-	290,000	166,250
2014	310,000	152,000	-	-	310,000	152,000
2015	325,000	136,919	-	-	325,000	136,919
2016	330,000	121,363	-	-	330,000	121,363
2017	355,000	105,093	-	-	355,000	105,093
2018	365,000	87,994	-	-	365,000	87,994
2019	385,000	70,181	-	-	385,000	70,181
2020	410,000	51,300	-	-	410,000	51,300
2021	425,000	31,469	-	-	425,000	31,469
2022	450,000	10,687	-	-	450,000	10,687
TOTAL	\$ 4,480,000	\$ 1,723,250	\$ 220,000	\$ 2,860	\$ 4,700,000	\$ 1,726,110

VILLAGE OF SHOREWOOD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND TRANSACTIONS

The Village incurred expenditures and/or received revenues in certain funds that belong to other funds. These amounts were transferred in the subsequent month.

Individual fund interfund receivables and payables balances at March 31, 2008 are:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ -	\$ 466
Fiduciary Fund	466	-
	<hr/>	<hr/>
TOTAL ALL FUNDS	<u>\$ 466</u>	<u>\$ 466</u>

Individual fund transfers for the year ended March 31, 2008 are:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 661,582
Building Fund	1,455,000	-
Water and Sewer Fund	-	2,995,389
Nonmajor Governmental Funds	2,901,971	700,000
	<hr/>	<hr/>
TOTAL ALL FUNDS	<u>\$ 4,356,971</u>	<u>\$ 4,356,971</u>

The purpose of significant transfers is as follows:

- \$661,582 transferred from the General Fund to other funds consists of \$206,582 of utility taxes transferred to the Debt Service Fund (nonmajor governmental) for repayment of debt and \$455,000 transferred to the Building Fund to pay for building expenditures.
- \$1,455,000 transferred to the Building Fund from other funds consists of \$500,000 of capital impact fees transferred from the Capital Projects Fund (nonmajor governmental) and \$455,000 from the General Fund and \$500,000 from the Water and Sewer Fund to pay for building expenditures.
- \$2,995,389 transferred from the Water and Sewer Fund to other funds consists of \$500,000 transferred to the Building Fund for building expenditures and \$2,495,389 of capital impact fees collected transferred to the Capital Projects Fund.
- \$2,901,971 transferred to nonmajor governmental funds consists of \$200,000 in capital impact fees transferred into the Motor Fuel Tax Fund from the Capital Projects Fund to pay for various projects, \$2,495,389 to the Capital Projects Fund from the Water and Sewer Fund and \$206,582 to the Debt Service Fund from the General Fund.

9. EMPLOYEE RETIREMENT SYSTEMS

a. Plan Descriptions

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system and the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for both plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan does not issue a separate report on the Police Pension Plan. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund (IMRF)

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% 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% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the coverage of its own employees in IMRF, as specified by statute; for 2007 and 2008, the rates were 11.50% and 11.82%, respectively.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 - Article 5/3) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At March 31, 2008, the Police Pension Plan membership consisted of:

VILLAGE OF SHOREWOOD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Retirees and beneficiaries currently receiving benefits	2
Inactive members	2
Current employees	
Vested	12
Nonvested	15
	15
 TOTAL	 31

The Police Pension Plan provides retirement benefits as well as death and disability benefits. 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 annual benefit shall be increased by 2.50% 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 eight 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 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 3.00% of the original pension and 3.00% simple interest 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 as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village has until 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended March 31, 2008, the Village's contribution was 20.07% of covered payroll.

b. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to statutory requirements. Benefits and refunds are recognized when due and payable in accordance with the plan.

VILLAGE OF SHOREWOOD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Method Used to Value Investments

Investments are valued at market. Investment income is recognized when earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

d. Annual Pension Cost

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	December 31, 2005	March 31, 2007
Actuarial Cost Method	Entry-age Normal	Entry-age Normal
Asset Valuation Method	5 Year Smoothed Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	29 Years, Closed	25 Years, Closed
Significant Actuarial Assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.00% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40 to 10.00%	1.00%
d) Post-retirement benefit increases	3.00%	3.00%

VILLAGE OF SHOREWOOD, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

e. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Calendar Year	Illinois Municipal Retirement	Fiscal Year	Police Pension
Annual pension cost (APC)	2005	\$ 176,224	2006	\$ 306,770
	2006	206,930	2007	382,639
	2007	223,962	2008	403,634
Actual contribution	2005	\$ 176,224	2006	\$ 259,806
	2006	206,930	2007	305,332
	2007	223,962	2008	379,393
Percentage of APC contributed	2005	100.00	2006	84.69%
	2006	100.00	2007	79.80%
	2007	100.00	2008	93.99%
NPO (Asset)	2005	\$ -	2006	\$ 174,712
	2006	-	2007	251,719
	2007	-	2008	275,960

The Village's annual pension cost and net pension obligation for the Police Pension Plan for the March 31, 2007 valuation date (most recent data available) are as follows:

Annual required contribution	\$ 399,853
Interest on net pension obligation	17,620
Adjustment to annual required contribution	<u>(13,839)</u>
Annual pension cost	403,634
Contributions made	<u>379,393</u>
Increase in net pension obligation	24,241
Net pension obligation beginning of year	<u>251,719</u>
NET PENSION OBLIGATION END OF YEAR	<u>\$ 275,960</u>

10. CONTRACTUAL COMMITMENTS

Economic Incentive Agreements

The Village has entered into eight economic incentive agreements with commercial entities whereby the Village has agreed to reimburse the commercial entities through sales tax rebates. The amount of the rebates is limited to specified time periods or maximum caps of varying amounts and are payable over one - eighteen years solely from sales taxes generated by the commercial entities. The rebates are to be paid quarterly or annually, depending on the agreement, with the last agreement expiring in 2017. At March 31, 2008, the Village has accrued an estimated rebate liability of \$397,908 for amounts collected by the state through March 31, 2008 but not yet paid to the commercial entities. To date, the Village has paid \$2,996,189 to the current eight commercial entities with the maximum rebate potentially being \$7,648,500.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended March 31, 2008

	Original and Final Appropriations	Original and Final Operating Budget	Actual	Variance (Over) Under Budget
REVENUES				
Property taxes	\$ -	\$ 1,041,940	\$ 1,072,305	\$ (30,365)
Other taxes	-	5,701,059	5,948,248	(247,189)
Licenses, permits and fines	-	1,566,005	1,358,376	207,629
Franchise fees	-	170,517	200,100	(29,583)
Grant income	-	-	12,800	(12,800)
Charges for sales and services	-	900,045	945,552	(45,507)
Investment income	-	95,000	277,207	(182,207)
Miscellaneous	-	83,500	481,378	(397,878)
Total revenues	-	9,558,066	10,295,966	(737,900)
EXPENDITURES				
Current				
General government	4,973,842	3,389,027	3,558,368	(169,341)
Public safety	4,398,141	3,518,512	3,381,330	137,182
Public works	2,458,554	1,930,342	1,844,325	86,017
Parks and recreation	1,662,627	1,330,102	451,761	878,341
Capital outlay	711,984	(154,413)	446,067	(600,480)
Total expenditures	14,205,148	10,013,570	9,681,851	331,719
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,205,148)	(455,504)	614,115	(1,069,619)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	(665,400)	(661,582)	(3,818)
Intrafund transfers				
Transfer in	900,000	900,000	155,871	744,129
Transfer (out)	-	-	(155,871)	155,871
Total other financing sources (uses)	900,000	234,600	(661,582)	896,182
NET CHANGE IN FUND BALANCE	\$ (13,305,148)	\$ (220,904)	(47,467)	\$ (173,437)
FUND BALANCE, APRIL 1			4,386,155	
FUND BALANCE, MARCH 31			\$ 4,338,688	

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

March 31, 2008

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5)
2002	\$ 911,287	\$ 1,549,202	58.82%	\$ 637,915	\$ 1,024,676	62.26%
2003	1,115,001	1,787,824	62.37%	672,823	1,140,298	59.00%
2004	1,271,057	2,074,731	61.26%	803,674	1,243,785	64.62%
2005	1,598,488	2,519,218	63.45%	920,730	1,533,719	60.03%
2006	1,777,535	2,725,778	65.21%	948,243	1,750,674	54.16%
2007	2,069,159	3,043,208	67.99%	974,049	1,947,495	50.02%

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

March 31, 2008

Actuarial Valuation Date March 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5)
2002	N/A	N/A	N/A	N/A	N/A	N/A
2003	\$ 2,631,705	\$ 3,577,457	73.56%	\$ 945,752	\$ 1,110,983	85.13%
2004	2,995,931	4,092,546	73.20%	1,096,615	1,105,358	99.21%
2005	3,206,914	4,494,231	71.36%	1,287,317	1,230,720	104.60%
2006	4,304,437	5,870,613	73.32%	1,566,176	1,537,538	101.86%
2007	4,906,616	6,669,663	73.57%	1,763,047	1,792,152	98.38%

N/A - Valuation performed bi-annually

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

March 31, 2008

<u>Calendar Year Ended December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2002	\$ 123,064	\$ 123,064	100.00%
2003	135,125	135,125	100.00%
2004	143,408	143,408	100.00%
2005	176,224	176,224	100.00%
2006	206,930	206,930	100.00%
2007	223,962	223,962	100.00%

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

March 31, 2008

<u>Fiscal Year Ended March 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 114,057	\$ 114,066	99.99%
2004	141,114	269,114	52.44%
2005	197,395	269,261	73.31%
2006	259,806	304,523	85.32%
2007	305,332	379,782	80.40%
2008	379,393	399,853	94.88%

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

March 31, 2008

1. BUDGETS AND APPROPRIATIONS

The Village uses a budget for all funds, except for the fiduciary funds, Drug Prevention and Asset Forfeiture Funds, which includes estimated revenues and expenditures by line item, as a management tool. An annual appropriation is adopted by the Village for all funds except for the fiduciary funds, Drug Prevention and Asset Forfeiture Funds, which constitutes the legal spending limit. Unused appropriations lapse at the end of the year. No supplemental appropriations were made during the year.

The amounts shown in the financial statements in the budget columns are the authorized amounts (as revised during the year as provided by statutes). The budgets are adopted on a basis consistent with generally accepted accounting principles.

The following table presents the total expenditures/expenses, appropriation and budgeted amounts for each budgeted fund in total:

Fund	Actual	Appropriation	Budget
General (includes major equipment replacement)	\$ 9,681,851	\$ 14,205,148	\$ 9,970,250
Municipal utilities (includes capital improvement)	6,998,047	10,233,580	10,932,204
Building	6,535,372	6,899,103	4,412,326
Capital projects	2,556,761	2,712,500	2,170,000
Motor fuel tax	590,327	804,844	715,000
Debt service	791,577	791,577	791,577

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
GENERAL GOVERNMENT				
Administration				
Personnel services	\$ 652,501	\$ 652,501	\$ 614,274	\$ 38,227
Contractual services	2,175,242	2,175,242	2,414,604	(239,362)
Commodities	18,190	18,190	25,093	(6,903)
Capital outlay	37,300	37,300	52,369	(15,069)
Total administration	2,883,233	2,883,233	3,106,340	(223,107)
Inspections				
Personnel services	632,684	632,684	604,164	28,520
Contractual services	53,660	53,660	28,641	25,019
Commodities	10,450	10,450	12,223	(1,773)
Capital outlay	19,000	19,000	17,000	2,000
Total inspections	715,794	715,794	662,028	53,766
Less contributions from other funds	(210,000)	(210,000)	(210,000)	-
Total general government	3,389,027	3,389,027	3,558,368	(169,341)
PUBLIC SAFETY				
Police Department				
Personnel services	2,897,681	2,897,681	2,804,545	93,136
Contractual services	391,321	391,321	364,935	26,386
Commodities	93,350	93,350	91,160	2,190
Capital outlay	136,160	136,160	120,690	15,470
Total public safety	3,518,512	3,518,512	3,381,330	137,182
PUBLIC WORKS				
Personnel services	682,170	682,170	697,149	(14,979)
Contractual services	565,827	565,827	499,902	65,925
Commodities	225,970	225,970	211,594	14,376
Capital outlay	456,375	456,375	435,680	20,695
Total public works	1,930,342	1,930,342	1,844,325	86,017
PARKS AND RECREATION				
Personnel services	255,504	255,504	218,918	36,586
Contractual services	78,958	78,958	71,144	7,814
Commodities	35,910	35,910	39,572	(3,662)
Capital outlay	959,730	959,730	122,127	837,603
Total parks and recreation	1,330,102	1,330,102	451,761	878,341
CAPITAL OUTLAY	(154,413)	(154,413)	446,067	(600,480)
TOTAL EXPENDITURES	\$ 10,013,570	\$ 10,013,570	\$ 9,681,851	\$ 331,719

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING FUND

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
REVENUES				
Investment income	\$ 55,000	\$ 55,000	\$ 169,941	\$ (114,941)
Miscellaneous	-	-	32,243	(114,941)
Total revenues	55,000	55,000	202,184	(229,882)
EXPENDITURES				
Capital outlay	4,412,326	4,412,326	6,535,372	(2,123,046)
Total expenditures	4,412,326	4,412,326	6,535,372	(2,123,046)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,357,326)	(4,357,326)	(6,333,188)	1,893,164
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,455,000	1,455,000	-
Total other financing sources (uses)	-	1,455,000	1,455,000	-
NET CHANGE IN FUND BALANCE	\$ (4,357,326)	\$ (2,902,326)	(4,878,188)	\$ 1,893,164
FUND BALANCE, APRIL 1			5,353,326	
FUND BALANCE, MARCH 31			\$ 475,138	

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

VILLAGE OF SHOREWOOD, ILLINOIS
 COMBINING SCHEDULE OF NET ASSETS
 WATER AND SEWER FUND - BY SUBFUND

March 31, 2008

	Operating	Capital Improvement	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 746,139	\$ 1,596,544	\$ 2,342,683
Investments	606,967	8,949,586	9,556,553
Restricted assets			
Accounts receivable	-	1,428	1,428
Receivables (net, where applicable, of allowances for uncollectibles)			
Water customers	446,238	-	446,238
Accrued interest	-	76,205	76,205
Prepaid items	29,099	-	29,099
Total current assets	1,828,443	10,623,763	12,452,206
CAPITAL ASSETS			
Nondepreciable	3,742,358	-	3,742,358
Depreciable	35,220,168	-	35,220,168
Accumulated depreciation	(6,313,224)	-	(6,313,224)
Net capital assets	32,649,302	-	32,649,302
Total assets	34,477,745	10,623,763	45,101,508
CURRENT LIABILITIES			
Accounts payable	91,246	455,826	547,072
Accrued payroll payable	26,126	-	26,126
Deposits payable	4,000	-	4,000
Retainage payable	-	267,177	267,177
Interest payable	2,860	106,050	108,910
Deferred revenue	-	50,000	50,000
Current portion of compensated absences payable	10,490	-	10,490
Current portion of general obligation bonds payable	220,000	20,000	240,000
Total current liabilities	354,722	899,053	1,253,775
LONG-TERM LIABILITIES			
Compensated absences payable	41,959	-	41,959
General obligation bonds payable	-	4,460,000	4,460,000
Total long-term liabilities	41,959	4,460,000	4,501,959
Total liabilities	396,681	5,359,053	5,755,734
NET ASSETS			
Invested in capital assets, net of related debt	32,429,302	(4,480,000)	27,949,302
Restricted	-	9,744,710	9,744,710
Unrestricted	1,651,762	-	1,651,762
TOTAL NET ASSETS	\$ 34,081,064	\$ 5,264,710	\$ 39,345,774

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
WATER AND SEWER FUND - BY SUBFUND

For the year ended March 31, 2008

	Operating	Capital Improvement	Total
OPERATING REVENUES			
Water sales	\$ 1,623,817	\$ -	\$ 1,623,817
Sewer sales	1,959,668	-	1,959,668
Total operating revenues	<u>3,583,485</u>	<u>-</u>	<u>3,583,485</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Water department	1,045,238	-	1,045,238
Sewer department	1,599,275	-	1,599,275
Capital programs			
Commodities	-	13,772	13,772
Maintenance	-	129,036	129,036
Total operating expenses excluding depreciation	<u>2,644,513</u>	<u>142,808</u>	<u>2,787,321</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	938,972	(142,808)	796,164
DEPRECIATION AND AMORTIZATION	<u>996,131</u>	<u>-</u>	<u>996,131</u>
OPERATING INCOME (LOSS)	<u>(57,159)</u>	<u>(142,808)</u>	<u>(199,967)</u>
NONOPERATING REVENUES (EXPENSES)			
Connection fees and capital improvement fees	-	2,480,516	2,480,516
Investment income	49,564	683,703	733,267
Interest expense	(6,320)	(212,886)	(219,206)
Total nonoperating revenues (expenses)	<u>43,244</u>	<u>2,951,333</u>	<u>2,994,577</u>
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	<u>(13,915)</u>	<u>2,808,525</u>	<u>2,794,610</u>
TRANSFERS			
Transfers (out)	(500,000)	(2,495,389)	(2,995,389)
Intrafund transfers	3,554,834	(3,554,834)	-
Total transfers	<u>3,054,834</u>	<u>(6,050,223)</u>	<u>(2,995,389)</u>
CHANGE IN NET ASSETS	<u>3,040,919</u>	<u>(3,241,698)</u>	<u>(200,779)</u>
NET ASSETS, APRIL 1	31,040,145	8,506,408	39,546,553
NET ASSETS, MARCH 31	<u>\$ 34,081,064</u>	<u>\$ 5,264,710</u>	<u>\$ 39,345,774</u>

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF EXPENSES -
BUDGET AND ACTUAL
WATER AND SEWER FUND

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
WATER DEPARTMENT				
Administration				
Personnel services	\$ 617,101	\$ 617,101	\$ 639,098	\$ (21,997)
Contractual services	416,079	416,079	322,153	93,926
Commodities	84,950	84,950	74,913	10,037
Other	230,000	230,000	9,074	220,926
TOTAL WATER DEPARTMENT	\$ 1,348,130	\$ 1,348,130	\$ 1,045,238	\$ 302,892
SEWER DEPARTMENT				
Administration				
Personnel services	\$ 203,550	\$ 203,550	\$ 190,800	\$ 12,750
Contractual services	1,395,684	1,395,684	1,368,364	27,320
Commodities	37,100	37,100	31,488	5,612
Other	168,500	168,500	8,623	159,877
TOTAL SEWER DEPARTMENT	\$ 1,804,834	\$ 1,804,834	\$ 1,599,275	\$ 205,559
CAPITAL IMPROVEMENT				
Commodities	\$ 1,000,000	\$ 1,000,000	\$ 464,197	\$ 535,803
Maintenance	3,650,000	3,650,000	3,556,566	93,434
Capital assets capitalized	-	-	(3,877,955)	3,877,955
TOTAL CAPITAL IMPROVEMENT	\$ 4,650,000	\$ 4,650,000	\$ 142,808	\$ 4,507,192
DEPRECIATION AND AMORTIZATION	\$ -	\$ -	\$ 996,131	\$ (996,131)

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS
SCHEDULE OF DETAILED EXPENSES -
BUDGET AND ACTUAL
WATER AND SEWER FUND - WATER DEPARTMENT

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
WATER DEPARTMENT				
Personnel services				
Wages and salaries - full time	\$ 377,735	\$ 377,735	\$ 399,235	\$ (21,500)
Wages - part time	7,200	7,200	14,458	(7,258)
Wages - overtime	40,000	40,000	43,667	(3,667)
FICA	32,508	32,508	33,874	(1,366)
Pension/IMRF	48,039	48,039	49,658	(1,619)
Pension/ICMA	975	975	980	(5)
Health and life insurance	110,644	110,644	97,226	13,418
Total personnel services	617,101	617,101	639,098	(21,997)
Contractual services				
Liability insurance	64,430	64,430	43,035	21,395
Building maintenance	10,000	10,000	-	10,000
Vehicle maintenance	6,500	6,500	1,814	4,686
Equipment maintenance agreement	14,600	14,600	6,828	7,772
Utility system maintenance	45,000	45,000	9,574	35,426
Rental and lease expense	500	500	308	192
Postage	24,000	24,000	20,232	3,768
Telephone expense	4,400	4,400	7,036	(2,636)
Electricity	58,000	58,000	81,610	(23,610)
Gas utility	3,500	3,500	711	2,789
Internet connections	1,000	1,000	452	548
Training	2,655	2,655	311	2,344
Printing	6,000	6,000	2,609	3,391
Dues	500	500	120	380
Engineering services	5,000	5,000	5,415	(415)
Legal services	6,000	6,000	2,301	3,699
Audit services	5,464	5,464	5,464	-
Other professional services	53,530	53,530	29,333	24,197
Administrative charges	105,000	105,000	105,000	-
Total contractual services	416,079	416,079	322,153	93,926
Commodities				
Office supplies	500	500	1,811	(1,311)
Maintenance supplies	16,500	16,500	6,711	9,789
Miscellaneous	50	50	1,104	(1,054)

(This schedule is continued on the following page.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF DETAILED EXPENSES -
 BUDGET AND ACTUAL (Continued)
 WATER AND SEWER FUND - WATER DEPARTMENT

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
WATER DEPARTMENT (Continued)				
Commodities (Continued)				
Equipment vehicle maintenance	\$ 7,500	\$ 7,500	\$ 18,385	\$ (10,885)
Uniforms	2,400	2,400	2,047	353
Materials	10,000	10,000	1,612	8,388
Chemicals	29,000	29,000	21,591	7,409
Gas and oil	19,000	19,000	21,652	(2,652)
Total commodities	84,950	84,950	74,913	10,037
Other				
Equipment	87,500	87,500	695	86,805
Safety equipment	-	-	107	(107)
Major equipment/vehicle expense	58,500	58,500	2,877	55,623
Village computer system	7,500	7,500	5,395	2,105
Meters	76,500	76,500	-	76,500
Total other	230,000	230,000	9,074	220,926
TOTAL WATER DEPARTMENT	\$ 1,348,130	\$ 1,348,130	\$ 1,045,238	\$ (693,239)
DEPRECIATION				
Depreciation and amortization				
Amortization expense	\$ -	\$ -	\$ 112,228	\$ (112,228)
Depreciation expense	-	-	883,903	(883,903)
TOTAL DEPRECIATION AND AMORTIZATION	\$ -	\$ -	\$ 996,131	\$ (996,131)
CAPITAL IMPROVEMENT				
Commodities	\$ 1,000,000	\$ 1,000,000	\$ 464,197	\$ 535,803
Maintenance	3,650,000	3,650,000	3,556,566	93,434
Capital assets capitalized	-	-	(3,877,955)	3,877,955
TOTAL CAPITAL IMPROVEMENT	\$ 4,650,000	\$ 4,650,000	\$ 142,808	\$ 4,507,192

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS
SCHEDULE OF DETAILED EXPENSES -
BUDGET AND ACTUAL
WATER AND SEWER FUND - SEWER DEPARTMENT

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
SEWER DEPARTMENT				
Personnel services				
Wages and salaries - full time	\$ 123,228	\$ 120,828	\$ 117,769	\$ 3,059
Wages and salaries - part time	-	2,400	2,529	(129)
Wages - overtime	16,000	16,000	13,260	2,740
FICA	10,650	10,650	9,791	859
Pension/IMRF	16,012	16,012	14,715	1,297
Pension/ICMA	325	325	327	(2)
Health and life insurance	37,335	37,335	32,409	4,926
Total personnel services	203,550	203,550	190,800	12,750
Contractual services				
Liability insurance	64,430	64,430	43,035	21,395
Building maintenance	5,000	5,000	-	5,000
Vehicle maintenance	6,500	6,500	1,729	4,771
Equipment maintenance	20,000	20,000	4,142	15,858
Utility system maintenance	45,000	45,000	5,111	39,889
Rental and lease expense	500	500	-	500
Telephone expense	3,600	3,600	2,872	728
Electricity	46,300	46,300	25,008	21,292
Gas utility	1,000	1,000	2,387	(1,387)
Meetings and travel	300	300	-	300
Training	2,000	2,000	379	1,621
Engineering services	7,840	7,840	7,838	2
Legal services	5,000	5,000	1,650	3,350
Audit services	5,464	5,464	5,464	-
Other professional services	22,000	22,000	2,266	19,734
Joliet interceptor fees	1,055,750	1,055,750	1,161,483	(105,733)
Administrative charges	105,000	105,000	105,000	-
Total contractual services	1,395,684	1,395,684	1,368,364	27,320
Commodities				
Office supplies	200	200	52	148
Maintenance supplies	6,500	6,500	3,014	3,486
Equipment/vehicle maintenance	7,500	7,500	8,653	(1,153)
Uniforms	1,200	1,200	1,419	(219)
Materials	10,000	10,000	1,265	8,735
Chemicals	2,000	2,000	1,997	3
Gas and oil	9,700	9,700	15,088	(5,388)
Total commodities	37,100	37,100	31,488	5,612

(This schedule is continued on the following page.)

VILLAGE OF SHOREWOOD, ILLINOIS
 SCHEDULE OF DETAILED EXPENSES -
 BUDGET AND ACTUAL (Continued)
 WATER AND SEWER FUND - SEWER DEPARTMENT

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
SEWER DEPARTMENT (Continued)				
Other				
Equipment	\$ 6,000	\$ 6,000	\$ 3,346	\$ 2,654
Major equipment/vehicle expense	58,500	58,500	2,877	55,623
Village computer system	7,500	7,500	900	6,600
Meters	76,500	76,500	-	76,500
Sewer system improvements	20,000	20,000	1,500	18,500
 Total other	 168,500	 168,500	 8,623	 159,877
 TOTAL SEWER DEPARTMENT	 \$ 1,804,834	 \$ 1,804,834	 \$ 1,599,275	 \$ 205,559

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

VILLAGE OF SHOREWOOD, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

March 31, 2008

	Special Revenue			Capital Projects	Debt Service	Total
	Motor Fuel Tax	Drug Prevention	Asset Forfeiture			
ASSETS						
Cash and cash equivalents	\$ 10,427	\$ 16,218	\$ 20,730	\$ 587,878	\$ 6,695	\$ 641,948
Investments	116,623	-	-	-	-	116,623
Receivables (net, where applicable, of allowances for uncollectibles)						
Property taxes	-	-	-	-	292,833	292,833
Other	-	-	-	993,555	-	993,555
Due from governmental agencies	29,827	-	-	22,503	-	52,330
TOTAL ASSETS	\$ 156,877	\$ 16,218	\$ 20,730	\$ 1,603,936	\$ 299,528	\$ 2,097,289
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 620	\$ -	\$ 627,065	\$ -	\$ 627,685
Retainage payable	-	-	-	39,345	-	39,345
Deferred property taxes	-	-	-	-	292,833	292,833
Total liabilities	-	620	-	666,410	292,833	959,863
FUND BALANCES						
Reserved for maintenance of roadways	156,877	-	-	-	-	156,877
Reserved for public safety	-	15,598	20,730	-	-	36,328
Reserved for debt service	-	-	-	-	6,695	6,695
Unreserved						
Undesignated	-	-	-	937,526	-	937,526
Total fund balances	156,877	15,598	20,730	937,526	6,695	1,137,426
TOTAL LIABILITIES AND FUND BALANCES	\$ 156,877	\$ 16,218	\$ 20,730	\$ 1,603,936	\$ 299,528	\$ 2,097,289

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended March 31, 2008

	Special Revenue			Capital Projects	Debt Service	Total
	Motor Fuel Tax	Drug Prevention	Asset Forfeiture			
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 296,263	\$ 296,263
Other taxes	405,109	-	-	-	-	405,109
Grant income	-	-	-	993,555	-	993,555
Investment income	5,030	654	468	4,787	3,189	14,128
Miscellaneous	-	1,273	15,201	556	-	17,030
Total revenues	410,139	1,927	15,669	998,898	299,452	1,726,085
EXPENDITURES						
Current						
Public safety	-	4,044	4,444	-	-	8,488
Highways and streets	590,327	-	-	-	-	590,327
Capital outlay	-	-	-	1,856,761	-	1,856,761
Debt service						
Principal	-	-	-	-	535,000	535,000
Interest and fiscal charges	-	-	-	-	256,577	256,577
Total expenditures	590,327	4,044	4,444	1,856,761	791,577	3,247,153
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(180,188)	(2,117)	11,225	(857,863)	(492,125)	(1,521,068)
OTHER FINANCING SOURCES (USES)						
Transfers in	200,000	-	-	2,495,389	206,582	2,901,971
Transfers (out)	-	-	-	(700,000)	-	(700,000)
Proceeds from bond issuance, at par	-	-	-	-	285,000	285,000
Total other financing sources (uses)	200,000	-	-	1,795,389	491,582	2,486,971
NET CHANGE IN FUND BALANCES	19,812	(2,117)	11,225	937,526	(543)	965,903
FUND BALANCES, APRIL 1	137,065	17,715	9,505	-	7,238	171,523
FUND BALANCES, MARCH 31	\$ 156,877	\$ 15,598	\$ 20,730	\$ 937,526	\$ 6,695	\$ 1,137,426

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
REVENUES				
Other taxes				
Allotments	\$ 399,237	\$ 399,237	\$ 405,109	\$ (5,872)
Investment income	1,000	1,000	5,030	(4,030)
Total revenues	<u>400,237</u>	<u>400,237</u>	<u>410,139</u>	<u>(9,902)</u>
EXPENDITURES				
Highways and streets				
Capital outlay	<u>715,000</u>	<u>715,000</u>	<u>590,327</u>	<u>124,673</u>
Total expenditures	<u>715,000</u>	<u>715,000</u>	<u>590,327</u>	<u>124,673</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(314,763)	(314,763)	(180,188)	(134,575)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Capital Projects Fund	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (114,763)</u>	<u>\$ (114,763)</u>	<u>19,812</u>	<u>\$ (134,575)</u>
FUND BALANCE, APRIL 1			<u>137,065</u>	
FUND BALANCE, MARCH 31			<u>\$ 156,877</u>	

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
REVENUES				
Developer reimbursements	\$ -	\$ -	\$ 993,555	\$ (993,555)
Investment income	-	-	4,787	(4,787)
Miscellaneous	-	-	556	(556)
Total revenues	-	-	998,898	(998,898)
EXPENDITURES				
Capital outlay	1,470,000	1,470,000	1,856,761	(386,761)
Total expenditures	1,470,000	1,470,000	1,856,761	(386,761)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(1,470,000)	(1,470,000)	(857,863)	(612,137)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,170,000	2,170,000	2,495,389	(325,389)
Transfers (out)	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	1,470,000	1,470,000	1,795,389	(325,389)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	937,526	<u>\$ (937,526)</u>
FUND BALANCE, APRIL 1			-	
FUND BALANCE, MARCH 31			<u>\$ 937,526</u>	

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance (Over) Under Budget
REVENUES				
Property taxes	\$ 296,177	\$ 296,177	\$ 296,263	\$ (86)
Investment income	-	-	3,189	(3,189)
Total revenues	296,177	296,177	299,452	(3,275)
EXPENDITURES				
Debt service				
Principal and interest	781,577	781,577	781,577	-
Paying agent fees	10,000	10,000	10,000	-
Total expenditures	791,577	791,577	791,577	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(495,400)	(495,400)	(492,125)	(3,275)
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	210,533	210,533	206,582	3,951
Proceeds from bond issuance, at par	285,000	285,000	285,000	-
Total other financing sources (uses)	495,533	495,533	491,582	3,951
NET CHANGE IN FUND BALANCE	\$ 133	\$ 133	(543)	\$ 676
FUND BALANCE, APRIL 1			7,238	
FUND BALANCE, MARCH 31			\$ 6,695	

(See independent auditor's report.)

FIDUCIARY FUND

VILLAGE OF SHOREWOOD, ILLINOIS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the Year Ended March 31, 2008

	Balances			Balances
	April 1	Additions	Deductions	March 31
Liability Fund				
ASSETS				
Cash and cash equivalents	\$ 390,091	\$ 548,051	\$ 20,870	\$ 917,272
Investments	809,126	-	728,554	80,572
Due from developers	338,568	-	11,657	326,911
TOTAL ASSETS	\$ 1,537,785	\$ 548,051	\$ 761,081	\$ 1,324,755
LIABILITIES				
Deposits	\$ 1,537,785	\$ 548,051	\$ 761,081	\$ 1,324,755
TOTAL LIABILITIES	\$ 1,537,785	\$ 548,051	\$ 761,081	\$ 1,324,755

(See independent auditor's report.)

STATISTICAL SECTION (Unaudited)

This part of the Village's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information displays about the Village's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	60-65
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	66-73
Debt Capacity The schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	74-80
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	81-82
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	83-86

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement No. 34 in 2005; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF SHOREWOOD, ILLINOIS

NET ASSETS BY COMPONENT

Last Four Fiscal Years

Fiscal Year	2005	2006	2007	2008
GOVERNMENTAL ACTIVITIES				
Invested in capital assets net of related debt	\$ 30,030,753	\$ 108,692,191	\$ 112,941,720	\$ 119,351,611
Restricted	83,545	62,432	171,523	199,900
Unrestricted	9,906,630	11,782,691	9,231,473	5,097,577
TOTAL GOVERNMENTAL ACTIVITIES	\$ 40,020,928	\$ 120,537,314	\$ 122,344,716	\$ 124,649,088
BUSINESS-TYPE ACTIVITIES				
Invested in capital assets net of related debt	\$ 5,410,582	\$ 19,294,379	\$ 21,269,647	\$ 27,949,302
Restricted	341,505	12,374,553	13,011,408	9,744,710
Unrestricted	13,149,646	17,055,430	18,275,814	1,651,762
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 18,901,733	\$ 48,724,362	\$ 52,556,869	\$ 39,345,774
PRIMARY GOVERNMENT				
Invested in capital assets net of related debt	\$ 35,441,335	\$ 127,986,570	\$ 134,211,367	\$ 147,300,913
Restricted	425,050	12,436,985	13,182,931	9,944,610
Unrestricted	23,056,276	28,838,121	27,507,287	6,749,339
TOTAL PRIMARY GOVERNMENT	\$ 58,922,661	\$ 169,261,676	\$ 174,901,585	\$ 163,994,862

The Village implemented GASB 34 during fiscal 2005.

The significant increase of net assets in 2006 was the result of officially accepting public improvements for the subdivisions of Rollingwood Estates, River Oaks South and Breckenridge.

Data Source

Audited Financial Statements

In Fiscal 2008, water treatment rights in Business-type Activities are now included in Capital Assets. Previous fiscal years have been restated to comply with this change so a comparable basis may be established.

Likewise in 2008, Water and Sewer Tap-On Fees and Capital Impact Fees have been classified as restricted since they may not be used for the day-to-day running of the water/sewer fund but must be used for capital projects. Previous years have been restated to comply with this change so a comparable basis may be established.

VILLAGE OF SHOREWOOD, ILLINOIS

CHANGE IN NET ASSETS

Last Four Fiscal Years

Fiscal Year	2005	2006	2007	2008
EXPENSES				
Governmental activities				
General government	\$ 2,410,647	\$ 3,233,145	\$ 2,994,144	\$ 3,643,976
Public safety	2,659,138	2,916,412	3,198,181	3,221,391
Public works	1,862,259	3,638,880	2,729,587	4,713,181
Highways and streets	759,143	571,403	1,665,598	593,387
Parks and recreation	532,159	538,150	459,211	484,571
Interest	174,767	281,237	271,095	258,746
Total governmental activities expenses	<u>8,398,113</u>	<u>11,179,227</u>	<u>11,317,816</u>	<u>12,915,252</u>
BUSINESS-TYPE ACTIVITIES				
Water and sewer	<u>2,814,150</u>	<u>3,585,720</u>	<u>4,069,458</u>	<u>4,002,658</u>
Total business-type activities expenses	<u>2,814,150</u>	<u>3,585,720</u>	<u>4,069,458</u>	<u>4,002,658</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 11,212,263</u>	<u>\$ 14,764,947</u>	<u>\$ 15,387,274</u>	<u>\$ 16,917,910</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 1,736,024	\$ 2,598,288	\$ 2,508,332	\$ 1,984,466
Public safety	204,576	202,853	233,571	227,230
Other activities	463,216	629,925	559,479	327,073
Operating grants and contributions	498,866	317,615	475,010	405,609
Capital grants and contributions	23,462	907,616	244,449	1,005,855
Total governmental activities program revenues	<u>2,926,144</u>	<u>4,656,297</u>	<u>4,020,841</u>	<u>3,950,233</u>
Business-type activities				
Charges for services				
Water/sewer	6,232,663	7,936,226	7,670,038	\$ 6,064,001
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>6,232,663</u>	<u>7,936,226</u>	<u>7,670,038</u>	<u>6,064,001</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 9,158,807</u>	<u>\$ 12,592,523</u>	<u>\$ 11,690,879</u>	<u>\$ 10,014,234</u>
NET (EXPENSE) REVENUE				
Governmental activities	\$ (5,471,969)	\$ (6,522,930)	\$ (7,296,975)	\$ (8,965,019)
Business-type activities	<u>3,418,513</u>	<u>4,350,506</u>	<u>3,600,580</u>	<u>2,061,343</u>
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	<u>\$ (2,053,456)</u>	<u>\$ (2,172,424)</u>	<u>\$ (3,696,395)</u>	<u>\$ (6,903,676)</u>

VILLAGE OF SHOREWOOD, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Four Fiscal Years

Fiscal Year	2005	2006	2007	2008
GENERAL REVENUES AND OTHER				
CHANGES IN NET ASSETS				
Governmental activities				
Taxes				
Property	\$ 1,046,776	\$ 1,155,403	\$ 1,184,936	\$ 1,368,567
Sales	2,412,557	2,577,596	2,857,311	3,313,376
Utility	550,102	703,699	696,893	794,391
Other	1,140,752	1,313,447	1,546,230	2,040,582
Investment earnings	105,220	414,010	662,602	461,277
Miscellaneous	103,287	194,619	203,779	295,809
Contributions	-	75,954,830	-	-
Transfers	405,784	523,785	1,507,559	2,995,389
Total governmental activities	5,764,478	82,837,389	8,659,310	11,269,391
Business-type activities				
Investment earnings	94,157	379,473	737,830	733,267
Miscellaneous	-	-	-	-
Contributions	260,000	13,836,700	-	-
Transfers	(405,784)	(523,785)	(1,507,559)	(2,995,389)
Total business-type activities	(51,627)	13,692,388	(769,729)	(2,262,122)
TOTAL PRIMARY GOVERNMENT	\$ 5,712,851	\$ 96,529,777	\$ 7,889,581	\$ 9,007,269
CHANGE IN NET ASSETS				
Governmental activities	\$ 292,509	\$ 76,314,459	\$ 1,362,335	\$ 2,304,372
Business-type activities	3,366,886	18,042,894	2,830,851	(200,779)
TOTAL PRIMARY GOVERNMENT	\$ 3,659,395	\$ 94,357,353	\$ 4,193,186	\$ 2,103,593

The significant increase of net assets in 2006 was the result of officially accepting public improvements for the subdivisions of Rollingwood Estates, River Oaks South and Breckenridge.

Data Source

Audited Financial Statements

VILLAGE OF SHOREWOOD, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GENERAL FUND										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 5,369	\$ 8,604	\$ 17,555	\$ 12,914	\$ 158,461	\$ 175,159
Unreserved -designated	371,823	263,282	912,293	802,972	-	415,002	744,427	1,103,636	1,158,425	1,356,631
Unreserved - undesignated	61,191	78,103	581,357	552,125	1,401,859	1,991,084	1,732,189	1,897,022	3,069,269	2,806,898
TOTAL GENERAL FUND	\$ 433,014	\$ 341,385	\$ 1,493,650	\$ 1,355,097	\$ 1,407,228	\$ 2,414,690	\$ 2,494,171	\$ 3,013,572	\$ 4,386,155	\$ 4,338,688
ALL OTHER GOVERNMENTAL FUNDS										
Reserved										
Special Revenue Funds	\$ -	\$ -	\$ -	\$ -	\$ 97,432	\$ -	\$ 83,545	\$ 62,432	\$ 164,285	\$ 193,205
Debt Service Funds	12,241	18,719	25,566	(2,313)	-	-	9,188	-	7,238	6,695
Unreserved, reported in										
Special Revenue Funds	144,080	164,554	183,015	185,482	10,311	68,387	-	-	-	-
Debt Service Funds	-	-	-	-	(1,135)	(3,384)	(12,143)	(1,879)	-	-
Capital Project Funds	(13,730)	(14,056)	(13,937)	-	-	925,814	7,672,542	8,929,819	5,353,326	1,412,664
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 142,591	\$ 169,217	\$ 194,644	\$ 183,169	\$ 106,608	\$ 990,817	\$ 7,753,132	\$ 8,990,372	\$ 5,524,849	\$ 1,612,564
TOTAL FUND BALANCES	\$ 575,605	\$ 510,602	\$ 1,688,294	\$ 1,538,266	\$ 1,513,836	\$ 3,405,507	\$10,247,303	\$12,003,944	\$ 9,911,004	\$ 5,951,252

Note: The substantial increase in fund balance for capital projects in 2005 resulted from Bond proceeds to be used for the construction of a new Village Hall.

Data Source

Audited Financial Statements

VILLAGE OF SHOREWOOD, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	1999	2000	2001	2002
REVENUES				
Property taxes	\$ 696,039	\$ 793,761	\$ 821,412	\$ 784,110
Other taxes	1,916,287	2,265,228	2,444,801	2,962,098
Licenses and permits	608,079	529,799	604,978	739,037
Grant income	883,996	88,175	707,840	(600,000)
Franchise fees	79,602	98,125	91,072	95,592
Charges for services	63,649	189,640	226,316	269,298
Developer reimbursements	-	-	-	-
Investment income	36,319	36,622	79,355	147,619
Miscellaneous	133,945	93,023	284,020	240,979
Total revenues	4,417,916	4,094,373	5,259,794	4,638,733
EXPENDITURES				
General government	1,333,149	1,385,991	1,347,853	1,888,395
Public safety	1,189,843	1,385,932	1,555,942	1,657,107
Public works	508,578	420,693	520,577	429,920
Highways and streets	177,584	192,246	197,955	399,158
Parks and recreation	235,084	229,361	262,017	218,142
Capital outlay	1,303,835	56,356	63,039	222,415
Debt service				
Principal	624,985	393,442	300,000	315,000
Interest	96,283	95,355	117,725	319,700
Other charges	-	-	-	-
Total expenditures	5,469,341	4,159,376	4,365,108	5,449,837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,051,425)	(65,003)	894,686	(811,104)
OTHER FINANCING SOURCES (USES)				
Transfers in	15,240	181,342	388,040	739,449
Transfers (out)	(15,240)	(181,342)	(105,035)	(207,297)
Reclass Capital Improvement Fund	-	-	-	(4,581,413)
Bonds issued	-	-	-	4,484,337
Notes payable proceeds	380,000	-	-	226,000
Discount on bonds issued	-	-	-	-
Total other financing sources (uses)	380,000	-	283,005	661,076
NET CHANGE IN FUND BALANCES	\$ (671,425)	\$ (65,003)	\$ 1,177,691	\$ (150,028)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	17.32%	11.91%	9.71%	12.14%

Data Source

Audited Financial Statements

	2003	2004	2005	2006	2007	2008
\$	931,896	\$ 968,051	\$ 1,046,776	\$ 1,155,403	\$ 1,184,936	\$ 1,368,568
	3,112,550	3,634,505	4,287,742	4,752,560	5,253,620	6,353,357
	937,746	1,127,379	1,325,447	2,150,034	1,880,898	1,358,376
	893,161	287,270	312,784	922,620	394,448	12,800
	93,287	107,429	117,334	142,294	171,823	200,100
	537,713	1,335,371	632,086	718,336	851,190	945,552
	-	-	-	-	-	993,555
	40,553	20,667	105,220	414,018	662,602	461,276
	314,684	568,195	549,570	783,528	773,075	530,651
	6,861,590	8,048,867	8,376,959	11,038,793	11,172,592	12,224,235
	1,680,936	2,006,071	2,308,027	2,719,764	2,973,705	3,558,368
	2,058,850	2,271,292	2,554,918	2,850,954	3,104,398	3,389,818
	1,045,430	859,999	714,967	853,209	949,150	1,844,325
	302,660	355,602	432,164	571,403	395,568	590,327
	983,322	475,507	786,408	551,383	991,844	451,761
	710,651	587,444	782,674	1,650,611	5,771,379	8,838,200
	430,000	518,200	528,200	615,000	630,000	535,000
	142,992	48,009	97,224	266,963	268,420	246,577
	-	1,750	50,466	11,650	1,350	10,000
	7,354,841	7,123,874	8,255,048	10,090,937	15,085,814	19,464,376
	(493,251)	924,993	121,911	947,856	(3,913,222)	(7,240,141)
	1,172,989	1,551,491	1,725,939	10,378,821	2,405,948	4,356,971
	(704,168)	(584,814)	(1,320,155)	(9,855,036)	(898,389)	(1,361,582)
	-	-	-	-	-	-
	-	-	6,365,000	285,000	285,000	285,000
	-	-	-	-	-	-
	-	-	(50,899)	-	-	-
	468,821	966,677	6,719,885	808,785	1,792,559	3,280,389
\$	(24,430)	\$ 1,891,670	\$ 6,841,796	\$ 1,756,641	\$ (2,120,663)	\$ (3,959,752)
	8.62%	8.69%	9.05%	10.59%	9.66%	2.74%

VILLAGE OF SHOREWOOD, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Percentage of Total EAV	Commercial Property	Percentage of Total EAV	Industrial Property	Percentage of Total EAV	Farm Property	Percentage of Total EAV	Total Taxable Equalized Assessed Value
1998	\$ 105,932,633	86.6%	\$ 13,209,344	10.8%	\$ 3,034,205	2.5%	\$ 123,601	0.1%	\$ 122,299,783
1999	114,347,041	87.1%	13,781,860	10.5%	3,014,393	2.3%	161,093	0.1%	131,304,387
2000	122,308,985	86.8%	14,974,684	10.6%	3,339,005	2.4%	213,882	0.2%	140,836,556
2001	132,286,716	83.7%	21,575,364	13.7%	3,948,101	2.5%	209,685	0.1%	158,019,866
2002	147,608,421	82.1%	27,762,280	15.4%	4,105,447	2.3%	383,142	0.2%	179,859,290
2003	176,204,122	82.1%	33,140,577	15.4%	4,900,782	2.3%	457,367	0.2%	214,702,848
2004	211,253,709	82.1%	40,783,534	15.9%	4,905,635	1.9%	360,788	0.1%	257,303,666
2005	256,840,861	82.7%	48,774,453	15.7%	4,695,355	1.5%	390,989	0.1%	310,701,658
2006	340,953,609	84.7%	53,797,070	13.4%	7,372,547	1.8%	560,694	0.1%	402,683,920
2007	411,994,368	82.6%	76,982,793	15.4%	8,926,039	1.8%	901,803	0.2%	498,805,003

Levy Year	Percentage of Total EAV	Direct Tax Rate	Actual Taxable Value	Actual Taxable Value	Gross Taxable Assessed Value	Less: Tax-Exempt Property	Total Taxable Equalized Assessed Value	Change in EAV	Percentage Increase
1998	100.0%	0.5839	\$ 366,899,349	33.3%	\$ 130,475,531	\$ (8,175,748)	\$ 122,299,783	\$ 10,495,751	9.39%
1999	100.0%	0.5633	393,913,161	33.3%	139,915,045	(8,610,658)	131,304,387	9,004,604	7.36%
2000	100.0%	0.5297	422,509,668	33.3%	149,879,909	(9,043,353)	140,836,556	9,532,169	7.26%
2001	100.0%	0.5418	474,059,598	33.3%	167,507,659	(9,487,793)	158,019,866	17,183,310	12.20%
2002	100.0%	0.4929	539,577,870	33.3%	189,971,390	(10,112,099)	179,859,291	21,839,425	13.82%
2003	100.0%	0.4428	644,108,544	33.3%	226,292,621	(11,589,773)	214,702,848	34,843,557	19.37%
2004	100.0%	0.4059	771,910,998	33.3%	276,240,120	(18,936,454)	257,303,666	42,600,818	19.84%
2005	100.0%	0.3392	932,104,974	33.3%	331,914,848	(21,213,190)	310,701,658	53,397,992	20.75%
2006	100.0%	0.2962	1,208,051,760	33.3%	428,026,078	(25,342,788)	402,683,290	91,981,632	29.60%
2007	100.0%	0.2567	1,496,415,009	33.3%	527,589,943	(28,784,940)	498,805,003	96,121,713	23.87%

Note: Property in the Village is reassessed each year. Property is assessed at 33% of estimated actual value.

Data Source

Office of the County Clerk-Will County, Illinois

VILLAGE OF SHOREWOOD, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING

Last Ten Levy Years

Levy Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
DIRECT TAX CODES										
General Fund	0.1404	0.1388	0.1359	0.1212	0.1088	0.0941	0.0651	0.0578	0.0485	0.0073
Police Pension Fund	0.0698	0.0685	0.0671	0.0722	0.0786	0.0919	0.1008	0.0981	0.0944	0.0569
Liability Insurance	0.0197	0.0191	0.0187	0.0167	0.0150	0.0130	0.0091	0.0080	0.0067	0.0064
Social Security	0.0081	0.0077	0.0076	0.0068	0.0062	0.0053	0.0037	0.0033	0.0028	0.0000
Police Protection	0.0474	0.0457	0.0448	0.0400	0.0359	0.0311	0.0216	0.0191	0.0160	0.0796
Debt Service Fund	0.2511	0.2378	0.2108	0.2449	0.2125	0.1763	0.1494	0.0950	0.0736	0.0593
IMRF	0.0474	0.0457	0.0448	0.0400	0.0359	0.0311	0.0562	0.0579	0.0542	0.0472
	0.5839	0.5633	0.5297	0.5418	0.4929	0.4428	0.4059	0.3392	0.2962	0.2567
OVERLAPPING TAX CODES										
Will County Incl. Forest Preserve District 3	0.7539	0.7695	0.7640	0.7584	0.7376	0.7080	0.6943	0.6861	0.6523	0.6367
Troy School District No . 30-C	2.9975	3.2289	3.2463	3.2768	3.1827	3.0673	3.0400	2.9810	3.3310	3.3610
Joliet Twp H S No 204	1.9922	1.9498	1.9201	2.0310	2.2723	2.1721	2.1507	2.0894	2.0244	1.9572
Joliet Jr. College No. 525	0.2202	0.2190	0.2217	0.2237	0.2209	0.2108	0.2142	0.2088	0.1936	0.1901
Shorewood-Troy Public Library District	0.1950	0.1928	0.1942	0.1935	0.1876	0.1791	0.1739	0.1488	0.1298	0.1176
Troy Fire District	0.3336	0.3306	0.3330	0.4251	0.5355	0.6461	0.7185	0.6891	0.6446	0.5843
Township and All Other	0.1884	0.1803	0.1755	0.1753	0.1704	0.1597	0.1580	0.1531	0.1460	0.1323
TOTAL TAX RATES	7.2647	7.4342	7.3845	7.6256	7.7999	7.5859	7.5555	7.2955	7.4179	7.2359

Property Tax rates are per \$100 of assessed valuation

Note: Overlapping rates are those of local and county governments that apply to property owners with the Village.

The Village is a non home rule community and as such; is subject to the State of Illinois Property Tax Extension Limitation Law (Tax Cap).

A new tax rate may not be increased more than 5% or in excess of the increase in the Consumer Price Index, whichever is less.

A municipality subject to caps may increase its extension limitation for a current levy year if the municipality holds a referendum before the levy date at which a majority of voters adopt a higher extension limitation.

Tax collections for the 2007 tax levy occur during fiscal 2009.

Data Source

Office of the County Clerk-Will County, Illinois

VILLAGE OF SHOREWOOD, ILLINOIS

PRINCIPAL PROPERTY TAX PAYERS

Current year and Eight Years Ago

Taxpayer	Business/Properties	2007		1999			
		Taxable Equalized Assessed Value(1)	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Equalized Assessed Value(1)	Rank	Percentage of Total Village Equalized Assessed Valuation
Target Corporation	Retail	\$ 4,084,991	1	0.82%			
Columbia Retail Shorewood Crossing	Retail	3,832,500	2	0.77%			
Jewel Food Stores	Food Store	3,713,658	3	0.74%			
Home Depot	Retail	3,590,681	4	0.72%			
Timbers of Shorewood	Retirement Facility	2,810,824	5	0.56%			
Columbia Shorewood Crossing LLC2	Shopping Center	2,276,284	6	0.46%			
LIT Industrial Ltd, Partnership	Light Industrial	2,270,400	7	0.46%			
Harris N.A.	Banking	2,051,359	8	0.41%			
Imperial Mobile Home	Trailer Court	1,948,265	9	0.39%	1,164,295	2	0.89%
Ryan Companies	Retail	1,855,890	10	0.37%			
Prime Industries	Warehouse				1,088,530	3	0.83%
Individual A	Shorewood Plaza Shopping Center				1,387,497	1	1.06%
Tirapelli Leasing	Commercial				667,998	4	0.51%
Austin Bank of Chicago, Tr. 6556	Day's Inn Motel				633,300	5	0.48%
First National Bank Joliet	Appletree Plaza				492,177	6	0.37%
Block Industrial Center I	Block Industrial				475,573	7	0.36%
Individual B	Retail Store				468,912	8	0.36%
Brakur Custom Cabinetry	Custom Cabinetry				436,143	9	0.33%
Individual C	Restaurant/Commercial				429,139	10	0.33%
		<u>\$ 28,434,852</u>		<u>5.70%</u>	<u>\$ 7,243,564</u>		<u>5.52%</u>

Note:

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked. Since fiscal 2007 was the first year implementing this statistical section, 1999 was the earliest comparable year.

Data Source

Office of the County Clerk-Will County, Illinois

VILLAGE OF SHOREWOOD, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	Tax Levied	Total Collections to Date	
		Amount	Percentage of Levy
1998	\$ 777,826	\$ 778,268	100.06%
1999	804,107	805,859	100.22%
2000	813,190	815,876	100.33%
2001	931,526	931,896	100.04%
2002	969,800	968,051	99.82%
2003	1,043,886	1,046,776	100.28%
2004	1,154,780	1,155,403	100.05%
2005	1,182,842	1,183,144	100.03%
2006	1,192,750	1,192,204	99.95%
2007	1,280,432	N/A	N/A

Note:

Property in the Village is reassessed each year. Property is assessed at 33% of actual value. Taxes levied are collected in the subsequent fiscal year therefore 2007 tax collections are not available until fiscal 2009.

Data Source

Office of the County Clerk-Will County, Illinois

VILLAGE OF SHOREWOOD, ILLINOIS

SALES TAX BY CATEGORY

Last Ten Fiscal Years

Calendar Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General merchandise	\$ 1,220	\$ -	\$ -	\$ -	\$ -	\$ 6,857	\$ 259,318	\$ 305,945	\$ 315,500	\$ 369,917
Food	4,028	4,852	-	146,246	276,259	435,764	500,663	543,614	478,748	545,295
Drinking and eating places	42,504	45,102	47,612	63,400	82,711	107,175	165,258	237,011	248,271	287,648
Apparel	4,011	-	2,970	-	-	3,122	4,232	10,526	19,023	26,642
Furniture and H.H. and radio	142,413	159,784	160,097	165,835	190,231	233,892	275,756	368,067	369,408	383,922
Lumber, building hardware	6,883	9,422	9,112	11,011	19,450	22,873	11,279	8,932	13,702	167,594
Automobile and filling stations	279,722	363,486	448,351	761,746	710,381	717,072	721,030	747,203	720,145	855,391
Drugs and miscellaneous retail	57,907	55,352	57,521	40,716	53,239	105,750	123,276	151,142	181,630	251,754
Agriculture and all others	88,295	100,116	128,793	102,857	103,000	142,827	109,845	96,280	72,510	84,239
Manufacturers	153,715	205,742	226,461	263,959	295,612	317,045	241,900	108,876	438,374	340,974
TOTAL	\$ 780,698	\$ 943,856	\$ 1,080,917	\$ 1,555,770	\$ 1,730,883	\$ 2,092,377	\$ 2,412,557	\$ 2,577,596	\$ 2,857,311	\$ 3,313,376
VILLAGE DIRECT SALES TAX RATE	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source

Illinois Department of Revenue-adjusted to fiscal year 3/31

VILLAGE OF SHOREWOOD, ILLINOIS

LOCAL AND OTHER TAX DISTRICTS SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	Village Direct Rate	Will County Rate	RTA Rate	State Rate	Total Rate
1999	1.00%	0.25%	0.25%	5.00%	6.50%
2000	1.00%	0.25%	0.25%	5.00%	6.50%
2001	1.00%	0.25%	0.25%	5.00%	6.50%
2002	1.00%	0.25%	0.25%	5.00%	6.50%
2003	1.00%	0.25%	0.25%	5.00%	6.50%
2004	1.00%	0.25%	0.25%	5.00%	6.50%
2005	1.00%	0.25%	0.25%	5.00%	6.50%
2006	1.00%	0.25%	0.25%	5.00%	6.50%
2007	1.00%	0.25%	0.25%	5.00%	6.50%
2008	1.00%	0.25%	0.25%	5.00%	6.50%

Data Source

Village and County Records

Note:

The tax rate for Will County and the Regional Transit Authority increased April 1, 2008 (fiscal 2009) from .25% each to .50%. The total tax rate for fiscal 2009 is therefore 7.0%.

VILLAGE OF SHOREWOOD, ILLINOIS

TOP TEN SALES TAX PROVIDERS AND PERCENTAGE OF TOTAL

Last Six Fiscal Years

Fiscal Year	2003	2004	2005
	BraKur Custom Cabinetry	BraKur Custom Cabinetry	BraKur Custom Cabinetry
	Dominick's Finer Foods Inc.	Dominick's Finer Foods Inc.	Dominick's Finer Foods, Inc.
	Expert Optics	---	---
	Gas Stations Div.	Gas Stations Div.	Gas Stations Div.
	Jewel Foods	Jewel Foods	Jewel Foods
	---	Osco Drug Store	Osco Drug Store
	---	---	---
	Speedway Superamerica LLC	Speedway Superamerica LLC	Speedway Superamerica LLC
	---	---	Target
	Tirapelli Ford Inc.	Tirapelli Ford Inc.	Tirapelli Ford Inc.
	Tyson Motor Co.	Tyson Motor Co.	Tyson Motor Co.
	Underground Pipe & Valve Co.	Underground Pipe & Valve Co.	---
	Valley Concrete Inc.	Valley Concrete Inc.	Valley Concrete Inc.
	---	---	---
Top Ten Sales Revenue	\$ 1,349,381	\$ 1,554,188	\$ 1,740,368
Total Sales Revenue	\$ 1,730,883	\$ 2,092,379	\$ 2,412,557
% of Total Sales Revenue	77.96%	74.28%	72.14%

Taxpayers are listed alphabetically and not in order of sales tax revenue.

Data Source

Illinois Department of Revenue-adjusted to fiscal year 3/31

2006	2007	2008
BraKur Custom Cabinetry	BraKur Custom Cabinetry	BraKur Custom Cabinetry
Dominick's Finer Foods, Inc.	Dominick's Finer Foods, Inc.	Dominick's Finer Foods, Inc.
---	---	---
Gas Stations Div.	---	---
Jewel Foods	Jewel Foods	Jewel Foods
Osco Drug Store	Osco Drug Store	Osco Drug Store
---	Portillos Hot Dogs Inc.	---
Speedway Superamerica LLC	Speedway Superamerica LLC	Speedway Superamerica LLC
Target	Target	Target
Tirapelli Ford Inc.	Tirapelli Ford Inc.	Tirapelli Ford Inc.
Tyson Motor Co.	Tyson Motor Co.	Tyson Motor Co.
---	---	---
Valley Concrete Inc.	Valley Concrete Inc.	Valley Concrete Inc.
---	---	Home Depot
\$ 1,668,606	\$ 1,984,949	\$ 2,147,424
\$ 2,577,596	\$ 2,857,311	\$ 3,313,376
64.73%	69.47%	64.81%

VILLAGE OF SHOREWOOD, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities							
	Paid from Property Taxes							
	GO Bond Series 1993	GO Ref Bond Series 2001	GO Bonds Series 2005	GO Bonds Series 2006	GO Bonds Series 2007	Alt GO Bond Series 1996	GO Bonds Series 2004	Note Payable
1999	\$ 2,070,000	\$ -	\$ -	\$ -	\$ -	\$ 660,000	\$ -	\$ 113,442
2000	1,860,000	-	-	-	-	590,000	-	-
2001	1,635,000	-	-	-	-	515,000	-	-
2002	-	1,440,000	-	-	-	440,000	-	226,000
2003	-	1,090,000	-	-	-	360,000	-	153,498
2004	-	735,000	-	-	-	275,000	-	78,201
2005	-	375,000	-	-	-	185,000	6,365,000	-
2006	-	-	285,000	-	-	95,000	6,215,000	-
2007	-	-	-	285,000	-	-	5,965,000	-
2008	-	-	-	-	285,000	-	5,715,000	-

Note:

Details of the Village's outstanding debt can be found in the notes to the financial statements.
Equalized assessed value of taxable property is listed; Will County assesses tax on
1/3 of the total estimated actual value.

All outstanding debt except the Series 2007 GO Bonds for \$285,000 is supported by alternate revenue; with property taxes pledged as a secondary source for the General Obligation Bonds.

Data Source

Audited financial reports

Business-Type Activities					Water/Sewer	Total	Percentage of	Per
Self Supporting								
Rev Bond	Rev Bond	GO Bonds	GO Ref Bonds	Ref Rev Bond		Government	Property	
Series 1988	Series 1990	Series 2001	Series 2003	Series 1993				
\$2,300,000	\$600,000	\$4,600,000	\$1,055,000	\$1,815,000				
\$ 110,000	\$ 155,000	\$ -	\$ -	\$ 1,705,000	\$ 4,813,442	3.67%	\$ 678.71	
-	80,000	-	-	1,680,000	4,210,000	2.99%	547.75	
-	-	-	-	1,535,000	3,685,000	2.33%	479.44	
-	-	4,580,000	-	1,375,000	8,061,000	4.48%	1,048.79	
-	-	4,580,000	-	1,205,000	7,388,498	3.44%	738.63	
-	-	4,565,000	1,055,000	-	6,708,201	2.61%	670.62	
-	-	4,545,000	850,000	-	12,320,000	3.97%	1,231.63	
-	-	4,530,000	640,000	-	11,765,000	2.92%	1,176.15	
-	-	4,505,000	430,000	-	11,185,000	2.24%	809.22	
-	-	4,480,000	220,000	-	10,700,000	N/A	774.13	

VILLAGE OF SHOREWOOD ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	Governmental			Business Activities			Total		
	General Oblig Bonds	Percentage of Actual Taxable Value of Property	Per Capita	General Oblig Bonds	Percentage of Actual Taxable Value of Property	Per Capita	General Oblig Bonds	Percentage of Actual Taxable Value of Property	Per Capita
1999	\$ 2,730,000	2.08%	\$ 384.94	\$ -	0.00%	\$ -	\$ 2,730,000	2.08%	\$ 384.94
2000	2,450,000	1.74%	318.76	-	0.00%	-	2,450,000	1.74%	318.76
2001	2,150,000	1.36%	279.73	-	0.00%	-	2,150,000	1.36%	279.73
2002	1,880,000	1.05%	244.60	4,580,000	2.55%	595.89	6,460,000	3.59%	840.49
2003	1,450,000	0.68%	144.96	4,580,000	2.13%	457.86	6,030,000	2.81%	602.82
2004	1,010,000	0.39%	100.97	5,620,000	2.18%	561.83	6,630,000	2.58%	662.80
2005	6,925,000	2.23%	692.29	5,395,000	1.74%	539.34	12,320,000	3.97%	1,231.63
2006	6,595,000	1.64%	659.30	5,170,000	1.28%	516.84	11,765,000	2.92%	1,176.15
2007	6,250,000	1.25%	452.18	4,935,000	0.99%	357.04	11,185,000	2.24%	809.22
2008	6,000,000	N/A	434.09	4,700,000	N/A	340.04	10,700,000	N/A	774.13

Note:

Details of the Village's outstanding debt can be found in the notes to the financial statements.

Estimated actual value of taxable property is listed; Will County assesses tax on the equalized assessed value which is 33% of the estimated actual value of the property.

Data Source

Audited financial reports

VILLAGE OF SHOREWOOD, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

March 31, 2008

Governmental unit	Percent of Village's 2006 Real Property in Taxing Body	Gross Debt	Percentage Debt Applicable to the Village	Village's Share of Debt
Village of Shorewood	100.0%	\$ 6,000,000	100.000%	\$ 6,000,000
Will County, Including Forest Preserve District Schools	100.0%	200,482,308	2.451%	4,913,821
Elementary				
District No. 30-C Troy Community Consolidated	60.6%	97,005,000	28.465%	27,612,473
District No. 201-C Minooka School District	39.4%	29,975,000	24.356%	7,300,711
High School				
District No. 204 Joliet Township H.S.	52.6%	21,145,000	9.524%	2,013,850
District No. 111 Minooka Community H.S.	47.4%	63,445,000	19.480%	12,359,086
Community Colleges				
District 505 Joliet Jr. College	100.0%	-	2.536%	-
		<u>\$ 418,052,308</u>		<u>\$ 60,199,941</u>

Note:

Source continuing disclosure statement prepared by Crowe Chizek
Village's share based upon 2007 Real Property valuations.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Village's taxable assessed value that is within the government's boundaries and dividing it by the Village's total taxable assessed value.

VILLAGE OF SHOREWOOD, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

Last Ten Levy Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Taxable value of real property	\$366,899,619	\$393,912,639	\$422,509,668	\$474,059,598	\$539,577,873	\$644,108,544	\$771,910,998	\$932,104,974	\$1,208,051,760	\$1,496,415,009
Equalization factor	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Equalized assessed valuation of taxable property	\$122,299,873	\$131,304,213	\$140,836,556	\$158,019,866	\$179,859,291	\$214,702,848	\$257,303,666	\$310,701,658	\$402,683,920	\$498,805,003
Legal debt limit (8.625%)	\$10,548,364	\$11,324,988	\$12,147,153	\$13,629,213	\$15,512,864	\$18,518,121	\$22,192,441	\$26,798,018	\$34,731,488	\$43,021,932
Direct general obligation bonded debt payable from property taxes	2,270,000	2,070,000	1,860,000	1,635,000	1,440,000	1,090,000	735,000	375,000	285,000	285,000
Self-supporting debt	730,000	660,000	590,000	515,000	5,020,000	4,940,000	5,895,000	11,945,000	11,480,000	10,900,000
Total direct bonded debt	3,000,000	2,730,000	2,450,000	2,150,000	6,460,000	6,030,000	6,630,000	12,320,000	11,765,000	11,185,000
LEGAL DEBT MARGIN	\$8,278,364	\$9,254,988	\$10,287,153	\$11,994,213	\$14,072,864	\$17,428,121	\$21,457,441	\$26,423,018	\$34,446,488	\$42,736,932
TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTAGE OF DEBT LIMIT	21.52%	18.28%	15.31%	12.00%	9.28%	5.89%	3.31%	1.40%	0.82%	0.66%

Equalized assessed valuation of taxable real property	\$498,805,003
Estimated true value of taxable real property	1,496,415,009
Direct general obligation bonded debt payable from property taxes	285,000
Self-supporting debt	10,900,000
Total direct bonded debt	11,185,000
Legal debt limit 8.625% if EAV	43,021,932
Encumbered legal debt limit	285,000
UNENCUMBERED LEGAL DEBT LIMIT	<u>\$42,736,932</u>

The Village is not a home rule unit under the Illinois Constitution and as such has a debt limit equal to 8.625% of its taxable property valuation.

Currently only those debts payable from property taxes are considered to be an encumbrance on the Legal Debt Margin

Data Source

Office of the County Clerk-Will County, Illinois and audited financial reports

VILLAGE OF SHOREWOOD, ILLINOIS

PLEDGED-REVENUE COVERAGE
WATER REVENUE BONDS

Last Ten Fiscal Years

Water Revenue Bonds						
Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	\$ 2,020,758	\$ 1,340,460	\$ 680,298	\$ 195,000	\$ 106,804	2.25
2000	2,192,284	1,439,972	752,312	210,000	92,310	2.49
2001	2,361,917	1,548,578	813,339	225,000	78,439	2.68
2002	3,139,623	1,610,036	1,529,587	160,000	68,386	6.70
2003	4,174,565	2,519,966	1,654,599	170,000	60,629	7.17
2004	5,378,078	2,249,447	3,128,631	180,000	52,406	13.46
2005	6,232,663	2,580,628	3,652,035	-	-	-
2006	7,936,226	3,355,419	4,580,807	-	-	-
2007	7,670,038	3,785,932	3,884,106	-	-	-
2008	6,064,001	3,783,452	2,280,549	-	-	-

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements.
Subsequent to 2004, there is no outstanding debt solely pledged to revenue.
Water charges and other includes tap on fees but not investment earnings.
Operating expenses includes depreciation expense but does not include interest expense.
Operating transfers in/out are not included

	Rev Bond Series 1988 2,300,000		Rev Bond Series 1990 600,000		Rev Bond Series 1993 1,815,000		Total	
	Debt Service		Debt Service		Debt Service		Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1999	\$ 100,000	\$ 12,350	\$ 70,000	\$ 13,915	\$ 25,000	\$ 80,539	\$ 195,000	\$ 106,804
2000	110,000	4,262	75,000	8,657	25,000	79,391	210,000	92,310
2001	-	-	80,000	2,960	145,000	75,479	225,000	78,439
2002	-	-	-	-	160,000	68,386	160,000	68,386
2003	-	-	-	-	170,000	60,629	170,000	60,629
2004	-	-	-	-	180,000	52,406	180,000	52,406
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-

Data Source

Office of the County Clerk-Will County, Illinois and audited financial reports

VILLAGE OF SHOREWOOD, ILLINOIS

PLEGDED-REVENUE COVERAGE
GENERAL OBLIGATION BONDS

Last Ten Fiscal Years

Self Supporting Debt-General Obligation Bonds															
Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage	Utility Taxes and Limited Tax Bond Proceeds			Coverage	Capital Improvement Tap-on Fees	Debt Service		
				Principal	Interest			Principal	Interest				Principal	Interest	Coverage
1999	\$ 1,670,458	\$ 1,340,460	\$ 329,998	\$ -	\$ -	-	\$ 301,230	\$ 70,000	\$ 36,046	2.84	\$ 350,300	\$ -	\$ -	-	
2000	1,714,829	1,439,972	274,857	-	-	-	401,268	70,000	32,614	3.91	477,455	-	-	-	
2001	1,748,007	1,548,578	199,429	-	-	-	292,998	75,000	29,186	2.81	613,910	-	-	-	
2002	1,983,446	1,610,036	373,410	-	-	-	487,316	75,000	25,510	4.85	1,156,177	-	-	-	
2003	2,249,245	2,519,966	(270,721)	-	-	-	555,888	80,000	21,834	5.46	1,925,320	-	108,281	17.78	
2004	2,409,491	2,249,447	160,044	-	-	-	672,641	85,000	17,916	6.54	2,968,587	15,000	216,244	12.84	
2005	2,792,306	2,580,628	211,678	-	-	-	754,244	90,000	13,750	7.27	3,440,357	20,000	215,475	14.61	
2006	3,127,386	3,355,419	(228,033)	210,000	16,115	(1.01)	1,228,107	240,000	257,587	2.47	3,355,419	15,000	214,687	14.61	
2007	3,357,003	3,785,932	(428,929)	210,000	12,545	(1.93)	1,177,092	345,000	248,400	1.98	4,313,035	25,000	213,788	18.06	
2008	3,583,485	3,783,452	(199,967)	210,000	8,135	(0.92)	1,079,390	250,000	234,900	2.23	2,480,516	25,000	212,663	10.44	

Note: Details of the Village's outstanding debt can be found in the notes to the financial statements.

Currently there is only one GO Bond that is not self supporting and upon which property taxes are levied, the GO Bond Series 2007 for \$285,000. Previously the GO Bond Series 1993 for \$2,395,000, the GO Refunding Bond Series 2001 for \$1,440,000, and the GO Bond Series 2005 for \$285,000 were property tax supported debt.

Presented is the detail regarding pledged revenue for the General Obligation Bonds

Revenue Stream	GO Bond Series 1996		GO Bond Series 2004		GO Bond Series 2001		GO Ref Bond Series 2003		Total	
	795,000		6,365,000		4,600,000		1,055,000		Debt Service	
	Debt Service		Debt Service		Debt Service		Debt Service		Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	Limited Tax Bond Proceeds and Utility Taxes				Capital Improvement/ Tap-On Fees		Water/Sewer Revenue			
1999	\$ 70,000	\$ 36,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 36,046
2000	70,000	32,614	-	-	-	-	-	-	70,000	32,614
2001	75,000	29,186	-	-	-	-	-	-	75,000	29,186
2002	75,000	25,510	-	-	-	-	-	-	75,000	25,510
2003	80,000	21,834	-	-	-	108,281	-	-	80,000	130,115
2004	85,000	17,916	-	-	15,000	216,244	-	-	100,000	234,160
2005	90,000	13,750	-	-	20,000	215,475	-	-	110,000	229,225
2006	90,000	9,250	150,000	248,337	15,000	214,687	210,000	16,115	465,000	488,389
2007	95,000	4,750	250,000	243,650	25,000	213,788	210,000	12,545	580,000	474,733
2008	-	-	250,000	234,900	25,000	212,663	210,000	8,135	485,000	455,698

[Data Source](#)

Office of the County Clerk-Will County, Illinois and audited financial reports

VILLAGE OF SHOREWOOD, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
1999	7,092	\$ 154,038,500	\$ 21,720	4.3%
2000	7,686	158,753,933	20,655	4.1%
2001	7,686	186,576,667	24,275	5.0%
2002	7,686	184,656,667	24,025	6.3%
2003	10,003	158,583,333	15,854	6.6%
2004	10,003	158,180,000	15,813	6.2%
2005	10,003	220,036,667	21,997	5.8%
2006	10,003	253,210,000	25,313	4.3%
2007	10,003	296,039,333	29,595	4.4%
2008	13,822	423,729,000	\$ 30,656	N/A

The State of Illinois has a 3% income tax rate and municipalities receive 1/10 of the amount collected based on a per capita basis.

Although a special census was taken in November 2006 with a population of 13,822 being reflected, it was not certified to the State of Illinois until February 2007; therefore personal income distributed to the Village during fiscal 2007 was based on the 10,003.

Data Source

Unemployment Rate: Illinois Department of Employment Security-Will County Statistics

VILLAGE OF SHOREWOOD, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year, Six Years, and Eleven Years Ago

2007				2001				1996			
Employer	Rank	No. of Employees	Percent of Total Village Population	Employer	Rank	No. of Employees	Percent of Total Village Population	Employer	Rank	No. of Employees	Percent of Total Village Population
Troy School District 30-C	1	460	3.33%	Troy School District 30-C	1	325	4.23%	Troy School District 30-C	2	131	1.85%
Jewel/Osco	2	226	1.64%	Brakur Custom Cabinetry, Inc.	2	165	2.15%	Brakur Custom Cabinetry, Inc.	1	140	1.97%
Brakur Custom Cabinetry, Inc.	3	187	1.35%	Expert Optics	3	70	0.91%	Expert Optics	3	70	0.99%
Target	4	170	1.23%	Ron Tirapelli Ford/Suzuki	4	68	0.88%	Ron Tirapelli Ford/Suzuki	4	64	0.90%
Dominicks	5	112	0.81%	R.R. Brink Locking Systems, Inc.	5	55	0.72%	R.R. Brink Locking Systems, Inc.	5	49	0.69%
Expert Optics	6	105	0.76%	Village of Shorewood	7	40	0.52%	Village of Shorewood	7	34	0.48%
Ron Tirapelli Ford/Suzuki	7	57	0.41%	Tyson Motor Corporation	6	43	0.56%	Ajax Uniform Rentals	6	40	0.56%
R.R. Brink Locking Systems, Inc.	8	64	0.46%	Ajax Uniform Rentals	8	35	0.46%	Days Inn	8	25	0.35%
Village of Shorewood	9	61	0.44%	Days Inn	10	20	0.26%	Troutwine Beverage	9	25	0.35%
Tyson Motor Corporation	10	40	0.29%	Yellow Freight	9	25	0.33%	Unimetrics Corporation	10	24	0.34%
Population	13,822			Population	7,686			Population	7,092		

Data Source

2007 Phone survey, 2001 Official Bond Statement, and 1996 Official Bond Statement

Because no annual records are kept for the information presented above, prior to 2007, the Village's only source for this data were official statements.

VILLAGE OF SHOREWOOD, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GENERAL GOVERNMENT										
Management services	2	2	2	2	2	3	3	3	3	4
Finance	4	4	4	5	5	5	5	5	5	5
Planning	-	-	-		-	-	-	1	1	1
Building/code enforcement	1	1	2	2	3	3	4	5	5	6
Community development	1	1	1	1	1	1	1	1	1	2
PUBLIC SAFETY										
Police										
Administrative services	3	3	3	3	3	3	4	4	4	4
Officers	21	18	19	20	21	24	25	26	26	27
PUBLIC WORKS										
Administration	1	1	1	1	1	1	1	1	1	1
Street maintenance	5	5	5	5	5	5	6	6	6	8
Parks	1	1	2	2	3	4	4	4	4	4
Water/sewer operators	3	3	3	4	4	5	5	5	5	5
TOTAL	42	39	42	45	48	54	58	61	61	67

Data Source

Village budget office

VILLAGE OF SHOREWOOD, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
PUBLIC SAFETY										
Police										
Physical arrests	502	621	584	574	742	684	770	1,162	1,190	884
Traffic violations	1,451	1,628	2,148	2,231	3,066	3,879	3,994	4,370	4,145	3,552
Complaints	4,639	4,617	4,693	5,385	6,634	8,798	8,862	11,075	11,058	11,445
BUILDING PERMITS ISSUED										
Duplexes	-	4	30	24	16	15	13	14	26	31
Townhouses	-	48	18	84	114	88	68	68	24	0
Single family	78	70	124	248	271	257	300	439	324	178
Commercial/industrial	-	1	6	8	12	13	11	13	8	10
Condos	-	-	-	-	-	-	40	-	-	-
	78	123	178	364	413	373	432	534	382	219
BUILDING PERMIT REVENUE	N/A	N/A	N/A	N/A	N/A	\$ 772,255	\$ 870,693	\$ 1,553,070	\$ 1,339,380	
PUBLIC WORKS										
Streeting resurfacing (miles)	1.00	0.90	1.00	1.48	1.63	1.69	1.87	1.53	1.31	1.31
Pothole repairs (square yards)	2,000	1,900	2,000	4,000	4,800	5,200	4,900	4,100	4,000	400
WATER										
Number of water/sewer customers	2,125	2,251	2,391	2,610	2,908	3,372	3,832	4,408	4,954	5,219
Number of sewer only customers	179	174	170	138	110	110	110	85	58	57
New connections	58	126	140	219	298	464	460	576	546	265
Average daily consumption	7.1	6.6	7	7	6.3	6.3	5.7	6	6	6
Peak daily consumption	10.3	11.0	10	10	11.9	9.9	11.2	11	9	9
FIRE										
Ambulance calls	761	736	917	1,091	1,237	1,290	1,345	1,455	1,460	N/A
Fire calls	476	485	477	544	599	537	571	603	583	N/A
	1,237	1,221	1,394	1,635	1,836	1,827	1,916	2,058	2,043	

(Fire Protections is another taxing district-provided here for information purposes)

(Source: www.troyfirepd.com)

Data Source

Various Village departments

VILLAGE OF SHOREWOOD, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area patrols	2	2	2	2	2	2	2	2	2	2
Patrol units/shift	3	3	3	4	4	4	4	5	5	5
PUBLIC WORKS										
Miles of streets	21.7	22.7	25.7	32.5	39.3	46.1	52.9	59.7	66.4	77.0
Traffic signals	6	6	7	7	7	7	8	9	11	11
WATER										
Water mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	120	120
Fire hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,100	1,322
Storage capacity (gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,500,000	1,500,000
WASTEWATER										
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	120	120
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	75	75
Treatment capacity (gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,000,000	2,100,000
RECREATIONAL FACILITIES										
Mini parks	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8	8
Neighborhood parks	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11	11
Community park	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1
Total park acreage	83.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	160.91	160.91
Bike and trail systems (miles)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.85	10.85
TROY FIRE PROTECTION DISTRICT (separate taxing district)										
Fire stations	1	1	1	1	1	1	1	1	2	2
Fire engines	3	3	3	3	3	3	3	4	4	4

Data Source

Various Village departments
 Statistics for previous years unavailable

VILLAGE OF SHOREWOOD, ILLINOIS

MISCELLANEOUS STATISTICS

March 31, 2008

Date of Incorporation	1957
Geographic Location	Troy Township in western Will County 40 miles southwest of downtown Chicago
Area	7.00 Square miles
Type of local government	Village President/Board of Trustees - Village Administrator
Website	www.vil.shorewood.il.us
Bond Rating	A2 - Moody's Investor Service
Home Rule	No
Utilities	
Natural Gas	Supplied by NiCor Gas
Electricity	Supplied by Commonwealth Edison and Constellation Energy
Telephone	Supplied by SBC/AT&T
Cable	Supplied by Comcast
Waste Pickup	Supplied by Waste Management/billed through Village
Public Safety	
Dispatching Center	Wescom
Source of Village Water	Wells
Sewage Treatment	Joliet Sanitary District
Water Rates	
Residential	\$3.30 Service Fee; \$2.86/1,000 Gallons
Commercial	
3/4" - 1"	\$11 Service Fee; \$2.86/1,000 Gallons
1"-1 1/2"	\$18.17 Service Fee; \$2.86/1,000 Gallons
Over 1 1/2"	\$25 Service Fee; \$2.86/1,000 Gallons
Sewer Rates	
Residential	\$9.94 Service Fee \$4.00/1,000 Gallons
Commercial	\$14.90 Service Fee \$4.00/1,000 Gallons
Refuse Disposal	\$16.35/Month \$1.00 Discount/Month for Seniors

The Village is served by the following schools:

Grade School

Troy School District 30-C
 William B Orenic (5-6)
 Troy-Shorewood (K-4)
 Troy Middle School (6-8)
 Troy Crossroads (K-4 and early care)
 Troy Hofer (K-4)
 Minooka CCSD #201
 Minooka Walnut Trails Grade School (K-5)
 Minooka Intermediate School (6)
 Minooka Junior High (7-8)

Grade School

Private Schools
 Trinity Christian School (pre-8)
 Holy Family School (pre-8)

High School

District 204
 Joliet West High School
 District 111
 Minooka Community High School