

# **Village of Matteson, Illinois**

Annual Financial Report  
Year Ended April 30, 2004

Village of Matteson, Illinois

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**Financial Section (Continued)**

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

The Honorable President and  
Members of the Board of Trustees  
Village of Matteson, 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 Matteson, Illinois, as of and for the year ended April 30, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Matteson, Illinois. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Pension Fund, a fiduciary fund type, or the Matteson Public Library, a discretely presented component unit, which statements reflect total assets of \$15,778,409 and \$3,834,402, respectively, as of April 30, 2004, and total additions to net assets/revenues of \$1,741,244 and \$1,251,050, respectively, for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Pension Fund and the Matteson Public Library, is based solely on the reports of the other auditors.

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

As described in Note 14 to the basic financial statements, in fiscal year 2004 the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In our opinion, based on our audit and the reports of other auditors, 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 Matteson, Illinois, as of April 30, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information which includes management's discussion and analysis (pages 3 – 10), budgetary comparison information (pages 59-79) and pension related information (pages 56-58) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Matteson, Illinois. The combining fund financial statements and other schedules listed in the table of contents as supplemental data are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McGladrey & Pullen, LLP*

Mokena, Illinois  
July 29, 2004

## Village of Matteson, Illinois

### Management's Discussion and Analysis

April 30, 2004

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The Village of Matteson's (the "Village") management discussion and analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the 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 11). Please note that this is the Village of Matteson's first MD&A.

#### ***Using the Financial Section of this Comprehensive Annual Report***

For the past 20 years, the primary focus of local governmental financial statements has been summarized fund type information on a current financial resource basis. This approach has been modified and for the first time the Village's financial statements present two kinds of statements, each with a different snapshot of the Village's finances. 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 11-13) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns which 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, for the first time, combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see page 13) 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.

The Governmental Activities reflect the Village's basic services, including police, public works, engineering and administration. Shared state sales, local utility and shared state income taxes finance the majority of these services. The Business-type Activities reflect private sector type operations (Water), where the fee for service typically covers 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. The focus is on Major Funds, rather than (the previous model's) fund types.

The Governmental Funds (see pages 14-17) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

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

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The Fund Financial Statements also allow the government to address its Fiduciary Funds (Police and Firefighters Pension, see pages 22-23). While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the Business-type Activities column on the Business-type Fund Financial Statements (see pages 18-21) is the same as the Business-type column on the Government-Wide Financial Statement, the Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 15 and 17). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the Government-wide financial statements).

**Infrastructure Assets**

Historically, a government's largest group of assets (infrastructure – roads, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. The Governmental Accounting Standards Board Statement No. 34 (GASB 34) requires that these assets be valued and reported within the Governmental column of the Government-wide Financial Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Village has chosen to depreciate assets over their useful lives. If a road project is considered maintenance – a recurring cost that does not extend the road's original useful life or expand its capacity – the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

**Financial Analysis of the Village as a Whole**

In accordance with GASB Statement No. 34, the Village is not required to restate prior periods for the purpose of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of Government-wide information will be presented.

***Government-Wide Financial Statements***

**Statement of Net Assets**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$87.7 million as of April 30, 2004.

A significant portion of the Village's net assets (83.1%) reflects its investment in capital assets (i.e., land, streets and bridges, storm sewers, water mains, buildings and vehicles), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis (Continued)

Table 1  
Statement of Net Assets  
As of April 30, 2004  
(in millions)

	Governmental Activities	Business-Type Activities	Total Primary Government
Current Assets	\$19.2	\$1.5	\$20.7
Non Current Assets	<u>\$90.1</u>	<u>\$4.2</u>	<u>\$94.3</u>
Total Assets	\$109.3	\$5.7	\$114.0
Current Liabilities	\$7.1	\$ .2	\$7.3
Non Current Liabilities	<u>\$20.0</u>	<u>\$-</u>	<u>\$20.0</u>
Total Liabilities	\$27.1	\$ .2	\$27.3
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$68.7	\$4.1	\$72.8
Restricted	\$11.5	-	\$11.5
Unrestricted	<u>\$2.0</u>	<u>\$1.4</u>	<u>\$3.4</u>
Total Net Assets	<u>\$82.2</u>	<u>\$5.5</u>	<u>\$87.7</u>

For more detailed information see the Statement of Net Assets (pages 11-12).

The Village's combined net assets (which is the Village's bottom line) increased to \$87.7 million from \$86.7 million as a result of the increase in net assets primarily in the Governmental Activities. Net assets of the Village's governmental activities were \$82.2 million. The Village's unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, were \$2.0 million.

The net assets of business-type activities increased to \$5.5 million from \$4.8 million. The Village can use the unrestricted net assets of \$1.4 million to finance the continuing operation of its water system.

**Normal Impacts**

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

**Net Results of Activities** – which will impact (increase/decrease) current assets and unrestricted net assets.

**Borrowing for Capital** – which will increase current assets and long-term debt.

**Spending Borrowed Proceeds on New Capital** – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

**Spending of Non-borrowed Current Assets on New Capital** – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.

**Principal Payment on Debt** – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

**Reduction of Capital Assets through Depreciation** – which will reduce capital assets and invested in capital assets, net of debt.



Village of Matteson, Illinois

Management's Discussion and Analysis (Continued)

**Current Year Impacts**

The Village's total net assets increased \$1.0 million and can be attributed to capital contributions resulting from new residential and commercial development projects throughout the community.

**Changes in Net Assets**

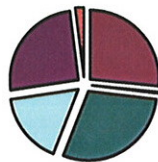
The following chart compares the revenue and expenses for the current fiscal year.

**Table 2**

**Changes in Net Assets  
For the Fiscal Year Ended April 30, 2004  
(in millions)**

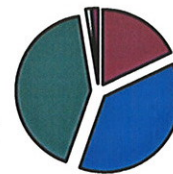
	Governmental Activities	Business-type Activities	Total Primary Government
<b>REVENUES</b>			
Program Revenues			
Charges for Services	\$4.1	\$3.0	\$7.1
Operating Grants & Contributions	\$0.5	-	\$0.5
General Revenues			
Property Taxes	\$5.6	-	\$5.6
Other Taxes	\$8.7	-	\$8.7
Transfers	\$0.5	\$(0.5)	-
Other	\$1.4	-	\$1.4
Total Revenues	\$20.8	\$2.5	\$23.3
<b>EXPENSES</b>			
General Government	\$9.9	-	\$9.9
Public Safety	\$6.7	-	\$6.7
Public Works	\$1.6	\$1.8	\$3.4
Parks and Recreation	\$1.0	-	\$1.0
Interest & Expense	\$1.3	-	\$1.3
Total Expenses	\$20.5	\$1.8	\$22.3
CHANGE IN NET ASSETS	\$ <u>0.3</u>	\$ <u>0.7</u>	\$ <u>1.0</u>
ENDING NET ASSETS	\$ <u>82.2</u>	\$ <u>5.5</u>	\$ <u>87.7</u>

2004 Governmental Activities Revenue



- Charges for Services
- Capital Growth
- Other Taxes
- Operating Growth
- Property Tax
- Other

2004 Governmental Activities Expenses



- General Government
- Public Safety
- Public Works
- Recreation
- Interest

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

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There are eight basic impacts on revenues and expenses as reflected below:

***Normal Impacts***

**Revenues:**

**Economic Condition** – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

**Increase/Decrease in Village Board approved rates** – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fee, building fees, etc.)

**Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)** – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

**Market Impacts on Investment income** – the Village's investment portfolio is managed using a similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

**Expenses:**

**Introduction of New Programs** – within the functional expense categories (Public Safety, Public Works, General Government, etc.) individual programs may be added or deleted to meet changing community needs.

**Increase in Authorized Personnel** – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 80% of the Village's operating costs.

**Salary Increases (annual adjustments and merit)** – the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.

**Inflation** – while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity specific increases.

***Current Year Impacts***

**Revenues:**

For the fiscal year ended April 30, 2004, revenues from all activities totaled \$23.3 million. The Village has a very diversified revenue structure and depends on several key revenue sources to help pay for the services we provide.

Even though the Village increased its property tax in 2004 compared to previous years, we saw the tax rate per \$100 of equalized assessed valuation (EAV) drop from \$1.10 down to \$1.02. This was due to a significant increase in the EAV due to Cook County's tri-annual reassessment. The 2003 EAV (used by the County in calculating 2004 tax bills) increased to \$357 million.

## Village of Matteson, Illinois

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

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State per capita revenues took a major hit in 2004 as a result of our floundering economy. State income taxes were down almost \$100,000. Only \$.7 million was received from this major revenue source.

A revenue source that performed well in 2004 was sales taxes (\$6.7 million).

As part of the new GASB Statement No. 34 disclosures, the Village added \$91.2 million in capital infrastructure assets to its net assets in 2004. Infrastructure assets include roads, bridges, rights-of-way, storm sewers and retention and detention ponds.

Investment returns were up slightly in 2004 due to increased interest rates and positive performance experienced in the stock market.

The Village last raised water and sewer rates in 2002.

#### Expenses:

The Village's total expenses for all activities for the year ended April 30, 2004 were \$22.3 million.

Due to the poor economy and reduced revenue collections, we recommend that the Village defer hiring until the economy improves. A replacement decision is not finalized until an evaluation of job duties is conducted by the Personnel Director and Village Manager.

The cost of providing employee benefits continued to increase dramatically in 2004. Health insurance costs increased by 54% for the Village's self insurance plan. The Village pays the majority of the cost of the insurance.

#### **Financial Analysis of the Village's Funds**

##### Governmental Funds

At April 30, 2004, the governmental funds (as presented on the balance sheet on page 14) reported a combined fund balance of \$13.1 million. Revenues exceeded expenditures and other financing sources (uses) in 2004 by \$4.3 million. The primary reason for this excess was \$3.2 million of bond proceeds in excess of deferred debt.

##### ***General Fund Budgetary Highlights***

During the fiscal year the Village Board prepared year-end budget adjustments in order to provide formal spending authority for activity that took place during the year that was not anticipated when the original budget document was prepared. Below is a table that reflects the original and revised budget and the actual for the revenues and expenditures for the General Fund.

**Village of Matteson, Illinois**

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

**Table 3**  
**General Fund Budgetary Highlights**  
(in millions)

General Fund	Original Budget	Amended Budget	Actual
Revenues and Transfers In			
Taxes	\$11.3	\$11.3	\$11.8
Transfers In	.5	.7	1.1
Other	3.5	3.7	3.7
<b>Total</b>	<b>\$15.3</b>	<b>\$15.7</b>	<b>\$16.6</b>
Expenditures and Transfers Out			
Expenditures	\$14.9	\$15.5	\$16.2
Transfers	-	-	.6
<b>Total</b>	<b>\$14.9</b>	<b>\$15.5</b>	<b>\$16.8</b>
Change in Fund Balance	\$ .4	\$ .2	\$ (.2)

Actual General Corporate Fund revenues came in \$.5 million above budget for 2004.

On the expenditure side, a summary of the primary budget adjustments that impacted the General Fund are as follows: Health insurance was increased \$150,000 to pay for additional claims and vehicle maintenance was increased by \$40,000 to cover for a high volume of work. Also, overtime was increased by \$130,000 in the Police Department to cover industries. There was also a budget increase of \$120,000 for payroll related costs to cover an increase in social security of \$30,000 due to higher taxable wages and a \$90,000 increase in IMRF cost. The Public Safety commission budget increased approximately \$30,000 to cover additional testing of police and firefighter applicants. Telephone cost increased approximately \$60,000 due to a greater deployment of mobile phones. Finally, the budget for finance department salaries and temporary services increased approximately \$36,000 due to initial cost estimates being too low.

**Capital Assets**

At the end of the fiscal Year 2004, the Village had a combined total of capital assets of \$93.8 million (after accumulated depreciation of \$34.2 million) invested in a broad range of capital assets including land, buildings, vehicles, streets, bridges, water mains, storm sewers and sanitary sewer lines. (See Table 4 below). This amount represents a net decrease (including additions and deletions) of just over \$1.5 million.

**Table 4**  
**Total Capital Assets at Year End**  
**Net of Depreciation**  
(in millions)

	Restated Balance 5/1/03	Net Additions/Deletions	Balance 4/30/04
Land	\$30.4	\$(.1)	\$30.3
Buildings	\$9.2	\$(.2)	\$9.0
Vehicles & Equipment	\$3.9	\$ -	\$3.9
Streets & Bridges	\$26.2	\$(.6)	\$25.6
Storm Sewers	\$18.9	\$(.4)	\$18.5
Water Mains	\$1.8	\$ -	\$1.8
Sanitary Sewers	\$4.9	\$(.2)	\$4.7
<b>Total Capital Assets</b>	<b>\$95.3</b>	<b>\$(1.5)</b>	<b>\$93.8</b>

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

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**Debt Outstanding**

At year-end, the Village had \$21.0 million in general obligation bonds outstanding. (More detailed information about the Village's long-term liabilities is presented in Note 6 to the financial statements.)

- The Village continued to pay down its debt, retiring \$4.8 million of outstanding bonds.
- The Village issued \$7.6 million in new General Obligation bonds to defease debt and fund capital projects.
- The Village's general obligations bonds have carried a rating of AAA from Moody's.
- The state limits the amount of general obligation debt the Village can issue to 8.625% of the assessed value of all taxable property within the Village's limits. Outstanding debt is significantly below the current limit of \$30.0 million.

**Economic Factors**

The financial condition of the Federal and State governments has had a dramatic effect on the Village of Matteson during 2004 and is expected to continue into 2005. Grant assistance is extremely competitive and previously reliable state shared revenues (especially the income tax) have been materially reduced. The Village will need to look internally and consider increasing other revenue sources and/or reduce expenditures until these larger governments get their acts in order.

Another area of concern is the local labor market. The unemployment rate has increased from 3.8% in 2000 to the current 6.0%.

All the news is not negative, however. The housing market continues to flourish as interest rates continue their slide. Home values and permit fees revenue have increased significantly over the past few years.

***Contacting the Village's Financial Management***

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Lafayette Linear, Finance Director, Village of Matteson, 4900 Village Commons, Matteson, Illinois 60443.

## Basic Financial Statements

**Government-Wide Financial Statements**

Village of Matteson, Illinois

Statement of Net Assets

April 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Matteson Public Library
<b>Assets</b>				
Current				
Cash and equivalents	\$ 12,275,812	\$ 578,495	\$ 12,854,307	\$ 606,138
Investments	292,786	-	292,786	-
Receivables				
Property taxes	3,154,014	-	3,154,014	730,882
Accounts	148,781	363,013	511,794	-
Intergovernmental	2,681,570	-	2,681,570	-
Accrued interest	970	-	970	-
Other	74,347	-	74,347	-
Internal balances	-	587,940	587,940	-
Due from component unit	18,117	-	18,117	-
Inventories	22,832	-	22,832	-
Prepays	484,098	3,388	487,486	-
<b>Total current assets</b>	<b>19,153,327</b>	<b>1,532,836</b>	<b>20,686,163</b>	<b>1,337,020</b>
Noncurrent				
Net pension asset	445,035	-	445,035	-
Capital assets, not being depreciated	27,847,055	29,780	27,876,835	300,000
Capital assets, net of accumulated depreciation	61,831,492	4,102,355	65,933,847	2,197,382
<b>Total noncurrent assets</b>	<b>90,123,582</b>	<b>4,132,135</b>	<b>94,255,717</b>	<b>2,497,382</b>
<b>Total assets</b>	<b>109,276,909</b>	<b>5,664,971</b>	<b>114,941,880</b>	<b>3,834,402</b>

See Notes to Financial Statements.



Village of Matteson, Illinois

Statement of Net Assets - Continued  
April 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Matteson Public Library
<b>Liabilities</b>				
Current				
Accounts payable	\$ 1,022,698	\$ 116,588	\$ 1,139,286	\$ 7,995
Accrued payroll	432,653	15,824	448,477	-
Deposits	19,680	-	19,680	-
Internal balances	637,663	-	637,663	-
Due to primary government	-	-	-	18,117
Deferred revenue	3,321,581	-	3,321,581	-
General obligation bonds payable	790,000	-	790,000	320,000
General obligation debt certificates	290,000	-	290,000	-
Installment note	8,061	-	8,061	-
Compensated absences payable	599,142	16,000	615,142	15,916
<b>Total current liabilities</b>	<b>7,121,478</b>	<b>148,412</b>	<b>7,269,890</b>	<b>362,028</b>
Noncurrent				
General obligation bonds payable	18,945,000	-	18,945,000	-
General obligation debt certificates	930,000	-	930,000	-
Compensated absences payable	135,739	3,625	139,364	-
<b>Total noncurrent liabilities</b>	<b>20,010,739</b>	<b>3,625</b>	<b>20,014,364</b>	<b>-</b>
<b>Total liabilities</b>	<b>27,132,217</b>	<b>152,037</b>	<b>27,284,254</b>	<b>362,028</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	68,715,486	4,132,135	72,847,621	2,177,382
Restricted for:				
Debt service	3,613,609	-	3,613,609	177,001
Capital projects	7,315,289	-	7,315,289	-
Special revenue	521,796	-	521,796	-
Unrestricted	1,978,512	1,380,799	3,359,311	1,117,991
<b>Total net assets</b>	<b>\$ 82,144,692</b>	<b>\$ 5,512,934</b>	<b>\$ 87,657,626</b>	<b>\$ 3,472,374</b>

See Notes to Financial Statements.

Village of Matteson, Illinois

Statement of Activities  
Year Ended April 30, 2004

Functions/Programs	Primary Government						Component Unit Matteson Public Library
	Program Revenues			Net (Expense), Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities							
General government	\$ 9,879,060	\$ 3,941,863	\$ 539,486	\$ (5,397,711)	\$ -	\$ (5,397,711)	\$ (952,538)
Public safety	6,752,674	-	-	(6,752,674)	-	(6,752,674)	-
Public works	1,584,403	-	-	(1,584,403)	-	(1,584,403)	-
Parks and recreation	1,041,029	173,813	-	(867,216)	-	(867,216)	-
Interest and fees	1,281,168	-	-	(1,281,168)	-	(1,281,168)	(14,457)
<b>Total governmental activities</b>	<b>20,538,334</b>	<b>4,115,676</b>	<b>539,486</b>	<b>(15,883,172)</b>	<b>-</b>	<b>(15,883,172)</b>	<b>(966,995)</b>
Business-type activities							
Water	1,806,903	3,034,645	-	-	1,227,742	1,227,742	-
<b>Total</b>	<b>\$ 22,345,237</b>	<b>\$ 7,150,321</b>	<b>\$ 539,486</b>	<b>(15,883,172)</b>	<b>1,227,742</b>	<b>(14,655,430)</b>	<b>(966,995)</b>
			General revenues				
			Taxes:				
			Sales	6,739,403	-	6,739,403	-
			Property	5,552,368	-	5,552,368	1,168,262
			Other	1,938,114	-	1,938,114	24,028
			Interest	77,261	4,793	82,054	9,121
			Net transfers	514,153	(514,153)	-	-
			Miscellaneous	1,331,012	-	1,331,012	49,639
			<b>Total general revenues</b>	<b>16,152,311</b>	<b>(509,360)</b>	<b>15,642,951</b>	<b>1,251,050</b>
			Change in net assets	269,139	718,382	987,521	284,055
			Net assets:				
			May 1, 2003 (Note 14)	81,875,553	4,794,552	86,670,105	3,188,319
			April 30, 2004	<b>\$ 82,144,692</b>	<b>\$ 5,512,934</b>	<b>\$ 87,657,626</b>	<b>\$ 3,472,374</b>

See Notes to Financial Statements.

**Fund Financial Statements**

Village of Matteson, Illinois

Balance Sheet - Governmental Funds  
April 30, 2004

	General Fund	2003A Community Center Utility Bonds	Tax Incremental Finance District I	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and equivalents	\$ -	\$ 2,215,809	\$ 5,787,665	\$ 4,272,338	\$ 12,275,812
Investments	233,777	-	-	59,009	292,786
Receivables:					
Property taxes	2,436,776	-	-	717,238	3,154,014
Accounts	124,579	-	-	24,202	148,781
Intergovernmental	2,505,120	-	-	176,450	2,681,570
Accrued interest	-	-	-	970	970
Other	73,146	-	823	378	74,347
Due from other funds	770,501	-	-	584,462	1,354,963
Due from component unit	18,117	-	-	-	18,117
Inventories	22,832	-	-	-	22,832
Prepays	475,098	-	-	9,000	484,098
<b>Total assets</b>	<b>\$ 6,659,946</b>	<b>\$ 2,215,809</b>	<b>\$ 5,788,488</b>	<b>\$ 5,844,047</b>	<b>\$ 20,508,290</b>
<b>Liabilities</b>					
Accounts payable	\$ 710,181	\$ -	\$ -	\$ 312,517	\$ 1,022,698
Accrued payroll and taxes	416,399	-	-	16,254	432,653
Deposits	19,680	-	-	-	19,680
Due to other funds	774,146	-	5,851	1,212,629	1,992,626
Deferred revenue	2,471,182	-	-	850,399	3,321,581
Compensated absences	589,428	-	-	-	589,428
<b>Total liabilities</b>	<b>4,981,016</b>	<b>-</b>	<b>5,851</b>	<b>2,391,799</b>	<b>7,378,666</b>
<b>Fund Balances</b>					
Reserved for inventories	22,832	-	-	-	22,832
Reserved for prepaids	475,098	-	-	-	475,098
Reserved for debt service	-	2,215,809	-	1,397,800	3,613,609
Unreserved					
General fund	1,181,000	-	-	-	1,181,000
Special revenue funds	-	-	-	521,796	521,796
Capital projects funds	-	-	5,782,637	1,532,652	7,315,289
<b>Total fund balances</b>	<b>1,678,930</b>	<b>2,215,809</b>	<b>5,782,637</b>	<b>3,452,248</b>	<b>13,129,624</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,659,946</b>	<b>\$ 2,215,809</b>	<b>\$ 5,788,488</b>	<b>\$ 5,844,047</b>	<b>\$ 20,508,290</b>

See Notes to Financial Statements.

Village of Matteson, Illinois

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets  
April 30, 2004

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Total fund balances-governmental funds	\$ 13,129,624
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	89,678,547
The net pension asset resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.	445,035
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:	
General obligation bonds payable	(19,735,000)
General obligation debt certificates	(1,220,000)
Installment note	(8,061)
Compensated absences	(145,453)
	<hr/>
Net assets of governmental activities	<u>\$ 82,144,692</u>

See Notes to Financial Statements.

Village of Matteson, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances –  
 Governmental Funds  
 Year Ended April 30, 2004

	General Fund	2003A Community Center Utility Bonds	Tax Incremental Finance District I	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Sales taxes	\$ 6,739,403	\$ -	\$ -	\$ -	\$ 6,739,403
Property taxes	3,100,156	-	1,427,729	1,024,483	5,552,368
Developer contributions	-	-	-	250,657	250,657
Other taxes	1,938,114	-	-	-	1,938,114
Licenses and permits	1,272,269	-	-	281,958	1,554,227
Charges for services	1,586,509	-	-	333,546	1,920,055
Intergovernmental	20,522	-	-	518,964	539,486
Fines and forfeitures	193,568	-	-	23,356	216,924
Interest	12,926	4,710	28,706	30,919	77,261
Recreation programs	173,813	-	-	-	173,813
Miscellaneous	467,418	-	-	863,594	1,331,012
<b>Total revenues</b>	<b>15,504,698</b>	<b>4,710</b>	<b>1,456,435</b>	<b>3,327,477</b>	<b>20,293,320</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	6,341,866	6,981	-	154,942	6,503,789
Administrative office, fiscal services and general services	1,313,425	-	-	-	1,313,425
Housing and human relations	2,762	-	-	-	2,762
Community relations	362,879	-	-	-	362,879
Public safety	5,866,583	-	-	-	5,866,583
Public works	767,893	-	-	610,218	1,378,111
Parks and recreation	905,485	-	-	-	905,485
Capital equipment	447,770	-	-	-	447,770
Special projects	156,005	-	-	253,928	409,933
<b>Debt service:</b>					
Principal retirement	7,664	-	-	830,000	837,664
Interest and fees	-	-	-	865,861	865,861
Capital outlay	-	-	10,029	833,513	843,542
<b>Total expenditures</b>	<b>16,172,332</b>	<b>6,981</b>	<b>10,029</b>	<b>3,548,462</b>	<b>19,737,804</b>
Excess revenues or (expenditures)	(667,634)	(2,271)	1,446,406	(220,985)	555,516
<b>Other financing sources (uses):</b>					
Proceeds from issuance of bonds	-	2,218,080	-	5,303,324	7,521,404
Payment to escrow agent	-	-	-	(4,306,712)	(4,306,712)
Proceeds from installment note	15,725	-	-	-	15,725
Transfers in	1,072,560	-	-	1,127,407	2,199,967
Transfers out	(646,030)	-	(472,915)	(566,869)	(1,685,814)
Excess revenues and other financing sources or (expenditures and other financing uses)	(225,379)	2,215,809	973,491	1,336,165	4,300,086
<b>Fund balances:</b>					
May 1, 2003	1,546,588	-	4,809,146	2,473,804	8,829,538
Residual equity transfers (out)	357,721	-	-	(357,721)	-
April 30, 2004	\$ 1,678,930	\$ 2,215,809	\$ 5,782,637	\$ 3,452,248	\$ 13,129,624

See Notes to Financial Statements.

Village of Matteson, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended April 30, 2004

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Net change in fund balances-total governmental funds	\$ 4,300,086
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which capital outlays exceeded depreciation in the current period. (\$991,721 current additions less \$2,482,539 depreciation )	(1,490,818)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	837,664
Proceeds from issuance of long-term debt is reported as revenue in the funds while it is recorded as an increase in long-term liabilities in the Statement of Net Assets, net of payment to escrow agent.	(3,630,000)
Proceeds from installment note is reported as revenue in the funds while it is recorded as an increase in long-term liabilities in the Statement of Net Assets.	(15,725)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Change in pension assets	(7,911)
Change in compensated absences	275,843
	<hr/>
Change in net assets of governmental activities	<u>\$ 269,139</u>

See Notes to Financial Statements.

Village of Matteson, Illinois

Statement of Net Assets - Enterprise Fund  
April 30, 2004

	Business-Type Activities
	Water Fund
<hr/>	
<b>Assets</b>	
Current	
Cash and equivalents	\$ 578,495
Accounts receivable	363,013
Internal balances	587,940
Prepays	3,388
<b>Total current assets</b>	<u>1,532,836</u>
Noncurrent	
Capital assets:	
Land	29,780
Buildings and improvements	1,495,065
Machinery, furniture and equipment	2,523,660
Water distribution system	2,755,449
Less accumulated depreciation	<u>(2,671,819)</u>
<b>Total noncurrent assets</b>	<u>4,132,135</u>
 Total assets	 <u><u>\$ 5,664,971</u></u>
 <b>Liabilities</b>	
Current	
Accounts payable	\$ 116,588
Accrued payroll	<u>35,449</u>
 Total liabilities	 <u>152,037</u>
 <b>Net Assets</b>	
Invested in capital assets	4,132,135
Unrestricted	<u>1,380,799</u>
 Total net assets	 <u><u>\$ 5,512,934</u></u>

See Notes to Financial Statements.



Village of Matteson, Illinois

Statement of Revenues, Expenses and Changes in Net Assets - Enterprise Fund  
 Year Ended April 30, 2004

	Business-Type Activities
	<u>Water Fund</u>
<hr/>	
Operating revenues:	
Water sales	\$ 2,710,125
Water meter sales	72,250
Fines and forfeitures	96,231
Miscellaneous	156,039
<b>Total operating revenues</b>	<u>3,034,645</u>
Operating expenses:	
Operations	1,638,563
Depreciation	168,340
<b>Total operating expenses</b>	<u>1,806,903</u>
Operating income	1,227,742
Nonoperating revenues, Investment income	<u>4,793</u>
Income before transfers	1,232,535
Transfers (out)	<u>(514,153)</u>
Change in net assets	718,382
Net assets:	
May 1, 2003	<u>4,794,552</u>
April 30, 2004	<u><u>\$ 5,512,934</u></u>

See Notes to Financial Statements.

Village of Matteson, Illinois

Statement of Cash Flows – Enterprise Fund  
Year Ended April 30, 2004

	Business-Type Activities
	Water Fund
<hr/>	
Cash flows from operating activities	
Cash received from residents for services	\$ 3,064,471
Payments to employees	(395,120)
Payments to suppliers	(1,211,119)
<b>Net cash provided by operating activities</b>	<u>1,458,232</u>
Cash flows from noncapital financing activities	
(Increase) in internal balances	(943,620)
Transfers out	(514,153)
<b>Net cash flows (used in) noncapital         financing activities</b>	<u>(1,457,773)</u>
Cash flows from capital and related financing activities	
Capital assets purchased	<u>(131,067)</u>
Cash flows from investing activities	
Cash receipts from interest income	<u>4,793</u>
<b>Net (decrease) in cash and equivalents</b>	(125,815)
Cash and equivalents:	
May 1, 2003	<u>704,310</u>
April 30, 2004	<u>\$ 578,495</u>

(Continued)

Village of Matteson, Illinois

Statement of Cash Flows – Enterprise Fund - Continued  
Year Ended April 30, 2004

	Business-Type Activities <u>Water Fund</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	<u>\$ 1,227,742</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	168,340
Changes in assets and liabilities	
Accounts receivable	29,826
Prepays	(3,204)
Accounts payable	30,214
Accrued payroll	5,314
<b>Total adjustments</b>	<u>230,490</u>
 <b>Net cash provided by operating activities</b>	 <u><u>\$ 1,458,232</u></u>

See Notes to Financial Statements.

Village of Matteson, Illinois

Combined Statement of Fiduciary Net Assets  
Pension Trust Funds  
April 30, 2004

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**Assets**

Cash and cash equivalents	\$ 2,055,356
Investments	23,902,184
Accrued interest receivable	189,680
Due from other funds	<u>55,208</u>
<b>Total assets</b>	<b><u>\$ 26,202,428</u></b>

**Liabilities**

Accounts payable	\$ 100
Due to other funds	<u>5,485</u>
<b>Total liabilities</b>	<b>5,585</b>

**Net Assets**

Held in trust for pension benefits	<u>26,196,843</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 26,202,428</u></b>

See Notes to Financial Statements.

Village of Matteson, Illinois

Combined Statement of Changes in Fiduciary Net Assets  
Pension Trust Funds  
Year Ended April 30, 2004

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**Additions**

Contributions:

Employer	\$ 696,891
Participants	389,051
Miscellaneous	200
<b>Total contributions</b>	<u>1,086,142</u>

Investment income

Net appreciation in fair value of investments	1,397,809
Interest	472,006
<b>Net investment income</b>	<u>1,869,815</u>

<b>Total additions</b>	<u>2,955,957</u>
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**Deductions**

Administration	54,945
Pension benefits and refunds	782,575
<b>Total deductions</b>	<u>837,520</u>

<b>Net increase</b>	2,118,437
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Net assets held in trust for pension benefits:

May 1, 2003	<u>24,078,406</u>
April 30, 2004	<u>\$ 26,196,843</u>

See Notes to Financial Statements.