

VILLAGE OF KENILWORTH, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

VILLAGE OF KENILWORTH, ILLINOIS

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015**

Prepared by:
Finance Department

VILLAGE OF KENILWORTH, ILLINOIS

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INTRODUCTORY SECTION

VILLAGE OF KENILWORTH, ILLINOIS

**List of Principal Officials
December 31, 2015**

PRESIDENT

William E. Russell

BOARD OF TRUSTEES

Joseph Konen
Kevin Lennon
Scott Lien

Ann Potter
Peter Shadek
Alison Winslow

CLERK

James R. McClamroch, Jr.

VILLAGE ATTORNEY

Barbara A. Adams

TREASURER

Patrick Garvey

VILLAGE MANAGER

Patrick Brennan

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

April 12, 2016

The Honorable Village President
Members of the Board of Trustees
Village of Kenilworth, 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 Kenilworth, Illinois, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Kenilworth, Illinois, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Kenilworth, Illinois', basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2015

Our discussion and analysis of the Village of Kenilworth's financial performance provides an overview of the Village's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the Village's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Village's net position decreased as a result of this year's operations. Net position of business-type activities increased by \$121,077, or 4.3 percent, and net position of the governmental activities decreased by \$434,220, or 18.0 percent.
- During the year, government-wide revenues for the primary government totaled \$7,347,901 while expenses totaled \$7,661,044 resulting in a decrease to net position of \$313,143.
- The decrease in net position is largely due to new accounting standards, which require Illinois governments include the IMRF and Police Pension liabilities on their financial statements. Without this change in accounting rules, the Village would have increased its overall net position. The net position would have increased by \$773,051 if the new accounting standards had not been implemented.
- The Village's net position totaled \$104,269 on December 31, 2015, which includes \$2,667,450 net investment in capital assets, \$1,013,362 subject to external restrictions, and (\$3,576,543) unrestricted net position.
- The Village's governmental funds for the year ending December 31, 2015 reported combined ending fund balances of \$13,724,527, which is a decrease of \$205,735, over last fiscal year's total of \$13,930,262. Of the \$13,724,527 total, \$3,840,438, or 28.0 percent of the fund balance constitutes unassigned fund balance.
- The General Fund reported a fund balance decrease for the year ending December 31, 2015 of \$96,841 resulting in ending fund balance of \$4,018,232, a decrease of 2.4 percent. This decrease was due to a planned additional contribution to the Police Pension Fund in the amount of \$418,054.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 6) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2015

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 6 of this report.

The Statement of Net Position reports information on all of the Village's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's capital assets, is needed to assess the overall health of the Village.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and charges for services (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, highways and streets, police protection, planning and zoning, and economic development. The business-type activities of the Village include waterworks system operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2015

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

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

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

The Village maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Capital Projects, and 2023 Capital Infrastructure Improvement Fund, all of which are considered major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 7 - 12 of this report.

Proprietary Funds

The Village maintains one proprietary fund type: enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes one enterprise fund to account for its waterworks system operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks System Fund, which is considered to be a major fund of the Village.

The basic proprietary fund financial statements can be found on pages 13 - 16 of this report.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2015

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village of Kenilworth's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 17 - 18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 57 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's General Fund budgetary comparison schedule and disclosures regarding the Village's two pension plans. Required supplementary information can be found on pages 58 - 63 of this report. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 64 - 86 of this report.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets/deferred outflows exceeded liabilities/deferred inflows by \$104,269.

	Governmental		Net Position		Total	
	Activities		Business-type			
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 18,662,446	19,435,138	132,895	129,266	18,795,341	19,564,404
Capital Assets	2,130,369	2,080,035	6,099,904	6,303,711	8,230,273	8,383,746
Deferred Outflows	2,098,508	-	-	-	2,098,508	-
Total Assets/Deferred Outflows	22,891,323	21,515,173	6,232,799	6,432,977	29,124,122	27,948,150
Long-Term Debt	19,380,563	10,368,423	3,070,933	3,331,916	22,451,496	13,700,339
Other Liabilities	1,927,650	2,359,007	211,622	271,894	2,139,272	6,997,589
Deferred Inflows	4,429,085	4,366,688	-	-	4,429,085	4,366,688
Total Liabilities/ Def. Inflows	25,737,298	17,094,118	3,282,555	3,603,810	29,019,853	25,064,616
Net Position						
Net Investment in						
Capital Assets	(207,454)	227,710	2,874,904	2,821,497	2,667,450	3,049,207
Restricted	1,013,362	1,009,925	-	-	1,013,362	1,009,925
Unrestricted (Deficit)	(3,651,883)	3,183,420	75,340	7,670	(3,576,543)	3,191,090
Total Net Position	(2,845,975)	4,421,055	2,950,244	2,829,167	104,269	7,250,222

A portion of the Village's net position, \$2,667,450, reflects its investment in capital assets (for example, land, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$1,013,362, of the Village's net position represents resources that are subject to external restrictions on how they may be used, specifically for debt service requirements, public safety and highways and streets. The remaining (\$3,576,543) represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

VILLAGE OF KENILWORTH, ILLINOIS

**Management's Discussion and Analysis
December 31, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental		Business-Type		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 1,145,794	1,427,765	993,210	983,643	2,139,004	2,411,408
Operating Grants/Contrib.	61,436	84,266	-	-	61,436	84,266
General Revenues						
Taxes						
Property	4,327,736	4,080,100	-	-	4,327,736	4,080,100
Replacement	37,979	35,628	-	-	37,979	35,628
State Income	267,391	240,604	-	-	267,391	240,604
State Sales	45,524	49,766	-	-	45,524	49,766
Utility	242,985	286,638	-	-	242,985	286,638
Other	69,153	59,936	-	-	69,153	59,936
Investment Income	31,443	28,311	158	197	31,601	28,508
Miscellaneous	96,036	75,168	29,056	-	125,092	75,168
Total Revenues	6,325,477	6,368,182	1,022,424	983,840	7,347,901	7,352,022
Expenses						
General Government	964,543	821,748	-	-	964,543	821,748
Public Works	398,612	789,166	-	-	398,612	789,166
Public Safety	3,937,999	2,435,358	-	-	3,937,999	2,435,358
Highways and Streets	1,076,435	1,341,695	-	-	1,076,435	1,341,695
Culture and Recreation	32,250	30,740	-	-	32,250	30,740
Interest on Long-Term Debt	333,052	513,704	-	-	333,052	513,704
Waterworks System	-	-	918,153	1,179,621	918,153	1,179,621
Total Expenses	6,742,891	5,932,411	918,153	1,179,621	7,661,044	7,112,032
Change in Net Position						
Before Transfers	(417,414)	435,771	104,271	(195,781)	(313,143)	239,990
Transfers	(16,806)	(1,096,343)	16,806	1,096,343	-	-
Change in Net Position	(434,220)	(660,572)	121,077	900,562	(313,143)	239,990
Net Position - Beginning as Restated	(2,411,755)	5,081,627	2,829,167	1,928,605	417,412	7,010,232
Net Position-Ending	(2,845,975)	4,421,055	2,950,244	2,829,167	104,269	7,250,222

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

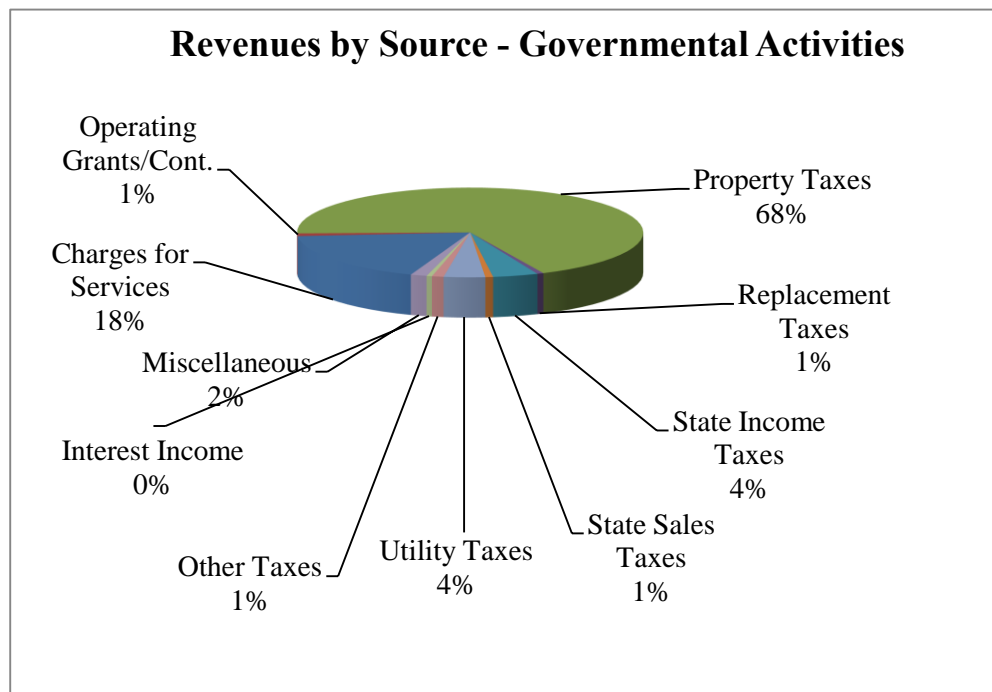
Net position of the Village's governmental activities decreased by 18.0 percent (a deficit of \$2,845,975 at December 31, 2015 compared to a restated deficit of \$2,411,755 at December 31, 2014). Unrestricted net position, the part of net position used to finance day-to-day operations without constraints, totaled a deficit of \$3,651,883 at December 31, 2015.

Net position of business-type activities increased by 4.3 percent (\$2,950,244 at December 31, 2015 compared to \$2,829,167 at December 31, 2014).

Governmental Activities

Revenues for governmental activities totaled \$6,325,477, while the cost of all governmental functions totaled \$6,742,891, resulting in a deficit of \$417,414, before transfers out of \$16,806, for the year ended December 31, 2015. The deficit in the current year relates to the Village implement GASB Statement No. 68, which requires Illinois governments include the IMRF and Police Pension liabilities on their financial statements. In the current year, the Village reported \$1,086,194 in pension expense.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes and state shared revenues to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from utility taxes and telecommunication taxes. The percentage of revenues by source has remained fairly constant from year to year.



VILLAGE OF KENILWORTH, ILLINOIS

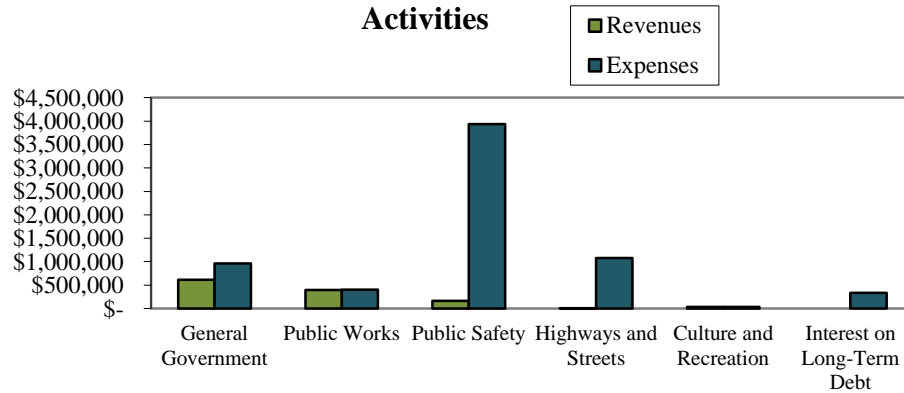
**Management’s Discussion and Analysis
December 31, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

The ‘Expenses and Program Revenues’ Table identifies those governmental functions where program expenses greatly exceed revenues generated by Charges for Services for the program.

Expenses and Program Revenues - Governmental Activities

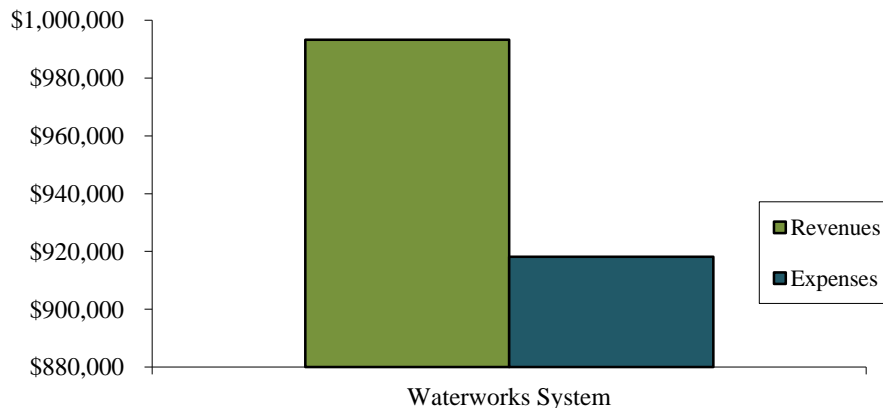


Business-Type activities

Business-Type activities for the year ended December 31, 2015, reported total revenues of \$1,022,424, while the cost of all business-type activities totaled \$918,153, resulting in a surplus of \$104,271, before transfers in of \$16,806. The transfer in was from the Capital Projects Fund for the purchase of a new water plant boiler. The surplus for the year is a result of the Village controlling costs, particularly in the contractual services expenses due primarily to fewer than expected water main breaks

The below graph compares program revenues to expenses for utility operations.

Expenses and Program Revenues - Business-Type Activities



VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's governmental funds reported combining ending fund balances of \$13,724,527, which is a decrease of \$205,735, from last year's total of \$13,930,262. Of the \$13,724,527 total combined fund balances, \$3,840,438, or 28.0 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported fund balance for the year of \$4,018,232, a decrease of 2.4 percent. The decrease in fund balance is due to an additional contribution of \$418,054 to the Police Pension Fund.

The General Fund is the chief operating fund of the Village. At December 31, 2015, unassigned fund balance in the General Fund was \$3,840,438, which represents 95.6 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 85.4 percent of total General Fund expenditures. This exceeds the targeted Fund Balance of 55-70%, but the decision has been made to maintain a higher fund balance due to both state revenue uncertainties, police pension obligations and anticipated future capital improvement expenditures.

The Debt Service Fund reported an increase of \$9,726, or 2.7%. The fund balance of \$374,233 is restricted for future debt service payments.

During the fiscal year a General Obligation Limited Bond was issued in the amount of \$594,384 and the proceeds were reported in the Capital Projects Fund, resulting in ending fund balance of \$498,612. Proceeds from the bond are earmarked for capital improvements and other lawful expenditures. During the current year \$737,296 was spent for capital improvements and other long-lived expenditures.

The Village implemented the 2023 Capital Infrastructure Improvement Program during fiscal year 2014, at which time the Village issued General Obligation Limited Bonds in the amount of \$9,590,000 to execute the first phase of this three-phase plan. Proceeds from the bond are earmarked for water, sewer, and related roadway improvements. During the current year \$42,666 was spent on capital outlay. This resulted in an ending fund balance of \$7,975,908. The balance of the fund is intended to be used over the next year.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

All other governmental funds of the Village are reported as non-major funds, including the Sewer Service Fund, Motor Fuel Tax Fund, and E-911 Fund. The Sewer Service Fund reported an increase in fund balance of \$4,482 due to the increase of funds being transferred out to cover staffing. The Motor Fuel Tax Fund reported an increase of \$58,417, as there were minor Motor Fuel Tax expenditures budgeted during the year. The E-911 Fund reported an increase of \$4,970.

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Waterworks System Fund as a major proprietary fund that accounts for the provision of water services to the residents of the Village. In the current year, the Waterworks System Fund reported a surplus of \$121,077. During the current year the Waterworks System Fund incurred a \$104,271 surplus before the transfer in from the Capital Projects Fund. Expenditure decreases were primarily due cost savings in contractual services expenses and experiencing fewer than the average number of water main breaks.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village Board made one budget amendment to the General Fund during the year. General Fund actual revenues for the year totaled \$4,335,213, compared to budgeted revenues of \$4,596,918. The primary difference between budgeted and actual revenues for the year ending December 31, 2015 was due to charges for services coming in under budget by \$227,419 due to the Village contracting refuse billing services to Republic. Republic accepts resident payments as payment for services and no longer charges the Village for the collection services.

The General Fund actual expenditures for the year were \$4,499,352, with budgeted expenditures of \$4,997,847. Total expenditures were under budget across all of the General Fund departments with general government, public works and public safety having the largest percentage of total expenditures under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of December 31, 2015 was \$8,230,273 (net of accumulated depreciation). This investment in capital assets includes land and right of way, building and improvements, machinery and equipment, and sanitary and sewer system.

VILLAGE OF KENILWORTH, ILLINOIS

**Management’s Discussion and Analysis
December 31, 2015**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Capital Assets – Continued

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and Right of Way	\$ 169,931	169,931	38,648	38,648	208,579	208,579
Buildings and Improvements	1,278,674	1,337,163	5,861,156	6,044,813	7,139,830	7,381,976
Machinery and Equipment	382,407	375,960	200,100	220,250	582,507	596,210
Sanitary and Sewer System	299,357	196,981	-	-	299,357	196,981
Total	2,130,369	2,080,035	6,099,904	6,303,711	8,230,273	8,383,746

This year’s major additions included:

Building	\$ 16,806
Machinery and Equipment	104,909
Sanitary and Sewer Systems	<u>144,754</u>
	<u><u>266,469</u></u>

Additional information on the Village’s capital assets can be found in note 3 on pages 34 - 35 of this report.

Debt Administration

At year end on December 31, 2015, the Village had total outstanding debt of \$14,045,384 as compared to \$15,115,826 the previous fiscal year ending on December 31, 2013, a decrease of 7.6 percent due to refinance of two bonds. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds - Net	\$ 10,820,384	11,633,612	3,225,000	3,482,214	14,045,384	15,115,826

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration – Continued

State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt limit for the Village is \$23,327,355.

Additional information on the Village's long-term debt can be found in Note 3 on pages 36 - 40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2016 budget, tax rates, and fees that will be charged for its governmental activities. One of those factors is the economy, including unemployment rates, consumer price index projections, etc. Although the Village considers the economy in setting rates and fees during the budget process, the Village does not feel that these economic factors will have significant bearing on District operations in the coming year.

The Village will continue to remain conservative in its budgeting of both revenue and expenses, until certainty arises regarding the state budget and potential changes to the existing revenue sharing methodology.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Village Manager, Village of Kenilworth, 419 Richmond Road, Kenilworth, IL 60043.

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

Fiduciary Fund

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

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Net Position
December 31, 2015**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Net Position
December 31, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 13,770,056	37,392	13,807,448
Receivables - Net of Allowances			
Property Taxes	4,533,351	-	4,533,351
Accounts	132,682	198,360	331,042
Internal Balances	102,878	(102,878)	-
Prepays	123,479	21	123,500
Total Current Assets	18,662,446	132,895	18,795,341
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	169,931	38,648	208,579
Depreciable Capital Assets	4,638,490	9,551,359	14,189,849
Accumulated Depreciation	(2,678,052)	(3,490,103)	(6,168,155)
Total Noncurrent Assets	2,130,369	6,099,904	8,230,273
Total Assets	20,792,815	6,232,799	27,025,614
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	585,695	-	585,695
Deferred Items - Police Pension	1,512,813	-	1,512,813
Total Deferred Outflows of Resources	2,098,508	-	2,098,508
Total Assets and Deferred Outflows of Resources	22,891,323	6,232,799	29,124,122

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 120,998	18,585	139,583
Accrued Interest	34,642	18,794	53,436
Deposits Payable	397,687	6,510	404,197
Other Payables	3,280	-	3,280
Current Portion of Long-Term Debt	1,371,043	167,733	1,538,776
Total Current Liabilities	1,927,650	211,622	2,139,272
Noncurrent Liabilities			
Compensated Absences Payable	86,638	10,933	97,571
Net Pension Liability - IMRF	1,016,497	-	1,016,497
Net Pension Liability - Police	8,806,428	-	8,806,428
General Obligation Bonds Payable - Net	9,471,000	3,060,000	12,531,000
Total Noncurrent Liabilities	19,380,563	3,070,933	22,451,496
Total Liabilities	21,308,213	3,282,555	24,590,768
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	4,415,954	-	4,415,954
Deferred Items - IMRF	13,131	-	13,131
Total Deferred Inflows of Resources	4,429,085	-	4,429,085
Total Liabilities and Deferred Inflows of Resources	25,737,298	3,282,555	29,019,853
NET POSITION			
Net Investment in Capital Assets	(207,454)	2,874,904	2,667,450
Restricted - Debt Service	339,591	-	339,591
Restricted - Public Safety	212,419	-	212,419
Restricted - Highways and Streets	461,352	-	461,352
Unrestricted (Deficit)	(3,651,883)	75,340	(3,576,543)
Total Net Position	(2,845,975)	2,950,244	104,269

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

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2015

	Expenses	Program Revenues	
		Charges for Services	Operating Grants/ Contributions
Governmental Activities			
General Government	\$ 964,543	612,710	-
Public Works	398,612	336,789	61,436
Public Safety	3,937,999	160,538	-
Highways and Streets	1,076,435	1,400	-
Culture and Recreation	32,250	34,357	-
Interest on Long-Term Debt	333,052	-	-
Total Governmental Activities	6,742,891	1,145,794	61,436
Business-Type Activities			
Waterworks System	918,153	993,210	-
Total Primary Government	7,661,044	2,139,004	61,436

General Revenues

Taxes

Property Taxes

Replacement Taxes

State Income Taxes

State Sales Taxes

Utility Taxes

Other

Interest Income

Miscellaneous

Transfers - Internal Activity

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(351,833)	-	(351,833)
(387)	-	(387)
(3,777,461)	-	(3,777,461)
(1,075,035)	-	(1,075,035)
2,107	-	2,107
(333,052)	-	(333,052)
(5,535,661)	-	(5,535,661)
-	75,057	75,057
(5,535,661)	75,057	(5,460,604)
4,327,736	-	4,327,736
37,979	-	37,979
267,391	-	267,391
45,524	-	45,524
242,985	-	242,985
69,153	-	69,153
31,443	158	31,601
96,036	29,056	125,092
(16,806)	16,806	-
5,101,441	46,020	5,147,461
(434,220)	121,077	(313,143)
(2,411,755)	2,829,167	417,412
(2,845,975)	2,950,244	104,269

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

VILLAGE OF KENILWORTH, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2015**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 4,046,600
Receivables - Net of Allowances	
Property Taxes	2,827,651
Accounts	98,406
Due from Other Funds	102,878
Prepays	<u>122,471</u>
Total Assets	<u><u>7,198,006</u></u>
LIABILITIES	
Accounts Payable	59,847
Deposits Payable	397,687
Due to Other Funds	8,706
Other Payables	<u>3,280</u>
Total Liabilities	469,520
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>2,710,254</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>3,179,774</u></u>
FUND BALANCE	
Nonspendable	122,471
Restricted	49,224
Committed	6,099
Assigned	-
Unassigned	<u>3,840,438</u>
Total Fund Balances	<u><u>4,018,232</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u><u>7,198,006</u></u></u>

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

Debt Service	Capital Projects		Nonmajor	Totals
	Capital Projects	2023 Capital Infrastructure Improvement		
373,035	523,309	8,001,035	826,077	13,770,056
1,705,700	-	-	-	4,533,351
1,198	-	-	33,078	132,682
-	-	-	-	102,878
-	-	-	1,008	123,479
<u>2,079,933</u>	<u>523,309</u>	<u>8,001,035</u>	<u>860,163</u>	<u>18,662,446</u>
-	24,697	25,127	2,621	112,292
-	-	-	-	397,687
-	-	-	-	8,706
-	-	-	-	3,280
-	24,697	25,127	2,621	521,965
<u>1,705,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,415,954</u>
<u>1,705,700</u>	<u>24,697</u>	<u>25,127</u>	<u>2,621</u>	<u>4,937,919</u>
-	-	-	1,008	123,479
374,233	-	-	624,547	1,048,004
-	-	-	231,987	238,086
-	498,612	7,975,908	-	8,474,520
-	-	-	-	3,840,438
<u>374,233</u>	<u>498,612</u>	<u>7,975,908</u>	<u>857,542</u>	<u>13,724,527</u>
<u>2,079,933</u>	<u>523,309</u>	<u>8,001,035</u>	<u>860,163</u>	<u>18,662,446</u>

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

VILLAGE OF KENILWORTH, ILLINOIS

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

December 31, 2015

Total Governmental Fund Balances \$ 13,724,527

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 2,130,369

Deferred outflows (inflows) of resources related to the pensions not
reported in the funds.

 Deferred Items - IMRF 572,564

 Deferred Items - Police Pension 1,512,813

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

 Compensated Absences Payable (108,297)

 Net Pension Liability - IMRF (1,016,497)

 Net Pension Liability - Police (8,806,428)

 General Obligation Bonds Payable - Net (10,820,384)

 Accrued Interest Payable (34,642)

Net Position of Governmental Activities (2,845,975)

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

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2015**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2015**

	<u>General</u>
Revenues	
Taxes	\$ 3,245,546
Intergovernmental	-
Charges for Services	465,941
Licenses and Permits	472,825
Fines and Forfeitures	42,938
Interest Income	11,927
Miscellaneous	96,036
Total Revenues	<u>4,335,213</u>
Expenditures	
Current	
General Government	793,579
Public Works	306,004
Public Safety	2,843,100
Highways and Streets	422,264
Culture and Recreation	32,250
Capital Outlay	102,155
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>4,499,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(164,139)</u>
Other Financing Sources (Uses)	
Disposal of Capital Assets	4,380
Debt Issuance	-
Premium on Debt Issuance	-
Payment to Escrow Agent	-
Transfers In	62,918
Transfers Out	-
	<u>67,298</u>
Net Change in Fund Balances	(96,841)
Fund Balances - Beginning	<u>4,115,073</u>
Fund Balances - Ending	<u><u>4,018,232</u></u>

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

Debt Service	Capital Projects		Nonmajor	Totals
	Capital Projects	2023 Capital Infrastructure Improvement		
1,745,222	-	-	-	4,990,768
-	-	-	61,436	61,436
-	-	-	164,090	630,031
-	-	-	-	472,825
-	-	-	-	42,938
2,083	662	15,233	1,538	31,443
-	-	-	-	96,036
<u>1,747,305</u>	<u>662</u>	<u>15,233</u>	<u>227,064</u>	<u>6,325,477</u>
-	-	-	-	793,579
-	-	-	35,006	341,010
-	-	-	39,554	2,882,654
-	-	-	3,816	426,080
-	-	-	-	32,250
-	737,296	42,666	17,901	900,018
1,349,612	-	-	-	1,349,612
365,765	-	-	-	365,765
<u>1,715,377</u>	<u>737,296</u>	<u>42,666</u>	<u>96,277</u>	<u>7,090,968</u>
31,928	(736,634)	(27,433)	130,787	(765,491)
-	-	-	-	4,380
1,155,000	594,384	-	-	1,749,384
51,198	-	-	-	51,198
(1,228,400)	-	-	-	(1,228,400)
-	-	-	-	62,918
-	(16,806)	-	(62,918)	(79,724)
<u>(22,202)</u>	<u>577,578</u>	<u>-</u>	<u>(62,918)</u>	<u>559,756</u>
9,726	(159,056)	(27,433)	67,869	(205,735)
364,507	657,668	8,003,341	789,673	13,930,262
<u>374,233</u>	<u>498,612</u>	<u>7,975,908</u>	<u>857,542</u>	<u>13,724,527</u>

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

VILLAGE OF KENILWORTH, ILLINOIS

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

For the Fiscal Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (205,735)

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

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	249,663
Depreciation Expense	(183,129)

The net effect of various transactions involving capital assets
is to decrease net position.

Disposals - Cost	(166,248)
Disposals - Accumulated Depreciation	150,048

Deferred outflows (inflows) of resources related to the pensions not
reported in the funds.

Change in Deferred Items - IMRF	202,027
Change in Deferred Items - Police Pension	712,670

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Increase in Compensated Absences Payable	(2,768)
Increase to Net Pension Liability - IMRF	(347,297)
Increase to Net Pension Liability - Police	(1,653,594)
Issuance of Debt	(1,749,384)
Retirement of Debt	2,554,612
Amortization of Premium on Debt Issuance	8,000

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

(3,085)

Changes in Net Position of Governmental Activities

(434,220)

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

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2015**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Net Position - Proprietary Funds
December 31, 2015

	<u>Business-Type Activities Waterworks System</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 37,392
Receivables - Net of Allowances	
Accounts - Billed	85,070
Accounts - Unbilled	113,290
Prepays	<u>21</u>
Total Current Assets	<u>235,773</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	38,648
Depreciable Capital Assets	9,551,359
Accumulated Depreciation	<u>(3,490,103)</u>
Total Noncurrent Assets	<u>6,099,904</u>
Total Assets	<u>6,335,677</u>

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

	Business-Type Activities <u>Waterworks System</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 18,585
Accrued Interest	18,794
Deposits Payable	6,510
Due to Other Funds	102,878
Compensated Absences Payable	2,733
General Obligation Bonds Payable	165,000
Total Current Liabilities	<u>314,500</u>
Noncurrent Liabilities	
Compensated Absences Payable	10,933
General Obligation Bonds Payable	3,060,000
Total Noncurrent Liabilities	<u>3,070,933</u>
Total Liabilities	<u>3,385,433</u>
NET POSITION	
Net Investment in Capital Assets	2,874,904
Unrestricted	<u>75,340</u>
Total Net Position	<u><u>2,950,244</u></u>

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

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2015**

	<u>Business-Type Activities Waterworks System</u>
Operating Revenues	
Charges for Services	\$ 984,724
Miscellaneous	8,486
Total Operating Revenues	<u>993,210</u>
Operating Expenses	
Operations	569,279
Depreciation and Amortization	261,300
Total Operating Expenses	<u>830,579</u>
Operating Income	<u>162,631</u>
Nonoperating Revenues (Expenses)	
Interest Income	158
Other Income	29,056
Interest and Fiscal Charges	<u>(87,574)</u>
	<u>(58,360)</u>
Income Before Transfers	104,271
Transfers In	<u>16,806</u>
Change in Net Position	121,077
Net Position - Beginning	<u>2,829,167</u>
Net Position - Ending	<u><u>2,950,244</u></u>

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

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended December 31, 2015

	Business-Type Activities
	<u>Waterworks System</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 1,027,661
Payments to Employees	(237,986)
Payments to Suppliers	(553,193)
	<u>236,482</u>
Cash Flows from Capital and Related Financing Activities	
Disposal of Capital Assets	3,863
Debt Issuance	3,225,000
Interest on Capital Debt	(87,574)
Principal on Capital Debt	(3,480,000)
	<u>(338,711)</u>
Cash Flows from Investing Activities	
Interest Received	<u>158</u>
Net Change in Cash and Cash Equivalents	(102,071)
Cash and Cash Equivalents - Beginning	<u>139,463</u>
Cash and Cash Equivalents - Ending	<u><u>37,392</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	162,631
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	261,300
Other Income (Expense)	29,056
(Increase) Decrease in Current Assets	5,395
Increase (Decrease) in Current Liabilities	(221,900)
Net Cash Provided by Operating Activities	<u><u>236,482</u></u>

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

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Fiduciary Net Position
December 31, 2015**

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 3,396,527
Investments	
U.S. Government Agencies	318,331
Mutual Funds	2,607,711
Receivables	
Accrued Interest	3,806
Due from Other Funds	<u>8,706</u>
Total Assets	6,335,081
LIABILITIES	
Accounts Payable	<u>712</u>
NET POSITION	
Net Position Restricted for Pensions	<u><u>6,334,369</u></u>

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

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2015**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 800,144
Contributions - Employee	<u>79,967</u>
Total Contributions	<u>880,111</u>
Investment Income	
Interest Income	162,655
Net Change in Fair Value	<u>(161,084)</u>
	1,571
Less Investment Expenses	<u>(23,377)</u>
Net Investment Income	<u>(21,806)</u>
Total Additions	<u>858,305</u>
Deductions	
Administration	9,940
Benefits and Refunds	<u>643,012</u>
Total Deductions	<u>652,952</u>
Change in Fiduciary Net Position	205,353
Net Position Restricted for Pensions	
Beginning	<u>6,129,016</u>
Ending	<u><u>6,334,369</u></u>

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Kenilworth (Village), Illinois, is a Village in Cook County. The Village is a non home-rule municipality under the 1970 Illinois Constitution. The Village is a municipal corporation governed by an elected board. The Village President and Board of Trustees are elected representatives of the citizens of the Village. The Village's major operations include police and fire safety, highway and street maintenance, building code enforcement, water services and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Kenilworth
---------------------	-----------------------

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Financial Statements

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public works, public safety, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

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

Governmental Funds

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains three nonmajor special revenue funds, the Sewer Service Fund, the Motor Fuel Tax Fund and the E-911 Fund.

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

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains two Capital Projects Funds. The Capital Projects Fund is treated as a major fund and accounts for revenues and expenditures relative to the construction of capital improvements. The 2023 Capital Infrastructure Improvement Fund, also a major fund, is used to account for revenues and expenditures related to the Village's 2023 Infrastructure Improvement Program.

Proprietary Funds

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

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Waterworks System Fund. The Waterworks System Fund accounts for the provision of portable water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service and billing and collections.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

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

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's police force.

The Village's pension trust fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the Village, this fund is not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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

Basis of Accounting

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

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

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, income taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

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

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

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Prepays

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Receivables

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more and an estimated useful life in excess of two years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

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

Buildings and Improvements	40 - 50 Years
Machinery and Equipment	7 - 10 Years
Infrastructure	40 - 50 Years
Waterworks System	40 - 50 Years
Sanitary Sewer System	40 - 50 Years
Vehicles	7 - 10 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow or resources (expense)/inflow of resources (revenue) until that future time.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee.

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

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

Net Position

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

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Budget Ordinance is prepared in tentative form by the Village Manager, reviewed and approved by the Village Board, and is made available for public inspection at least ten days prior to final Board action. A public hearing is held on the tentative Budget Ordinance to obtain taxpayer comments.

Prior to January 1, the Budget Ordinance is legally enacted through the passage of a budget ordinance. All actual expenditures contained herein have been compared to the annual operating Budget.

The Board of Trustees may:

By two-thirds vote transfer, within any department, amounts budgeted for an object or purpose to another object or purpose. No object or purpose can be reduced below an amount sufficient to provide for all obligations incurred, or to be incurred, against the budgeted amount.

Adopt a supplemental budget ordinance in an amount not to exceed any additional revenue available, including unappropriated fund balances or amount estimated to be received after adoption of the annual budget ordinance.

Management cannot amend the Budget Ordinance. However, expenditures may exceed budgets at the subobject level. Expenditures that exceed individual budgets at the object level must be approved by the Board of Trustees, as outlined above.

The Village does not use the encumbrance method of accounting. Budgetary funds are controlled by an integrated budgetary accounting system, in accordance with various legal requirements which govern the Village.

The operating budget is the management control for spending. The manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund are done through approval of the Village Board of Trustees and are supported by budget amendments as needed.

Operating budgets are adopted on a modified accrual basis of accounting for all governmental funds and on an accrual basis for proprietary and fiduciary funds. Budgets have been adopted for the General, Debt Service, Capital Projects, Special Revenue, Waterworks System and Police Pension Funds. Capital improvements are budgeted as expenses.

All budgets are prepared based on the annual fiscal year of the Village and lapse at year end.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

Budget amounts are as originally adopted and as amended by the Village Board of Trustees.

The financial schedules report management's operating budget in the columns titled original budget and final budget for the General, Debt Service, Capital Projects, 2023 Capital Infrastructure Improvement, Sewer Service, Motor Fuel Tax, E-911, Waterworks System and Police Pension Funds.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds. The Village's investment policy limits deposits to financial institutions that are members of the FDIC system are capable of posting collateral for amounts in excess of FDIC insurance.

The deposits and investments of the Pension Fund are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

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

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

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$13,213,041 and the bank balances totaled \$13,245,674.

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

Investment Instrument	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Illinois Funds	\$ 23	23	-	-	-
Local Government Bonds	594,384	594,384	-	-	-
	594,407	594,407	-	-	-

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy limits its exposure by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

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 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 in order of priority, safety of principal, liquidity and rate of return.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the Village's investment policy further limits investment choices to external investment pools. At year-end, the Village's investment in the Illinois Funds is rated AAAM by Standard & Poor's and Local Government Bonds are unrated.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village’s deposits may not be returned to it. The Village’s investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Village or an independent third-party evidenced by a safekeeping agreement. At year-end, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village’s investment policy does not mitigate custodial credit risk for investments. At year-end, the Village’s investment in the Illinois Funds is not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village’s investment in a single issuer. The Village’s investment policy requires diversification of investments to avoid unreasonable risk by limiting commercial paper to the lesser of 20% of the cash and investment balance at the time of placement, or 25% of the cash and investment balance. At year-end, the Village had no investments over 5 percent of the total cash and investment portfolio.

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$3,396,500 and the bank balances totaled \$3,403,122.

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

Investment Instrument	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Agencies	\$ 318,331	318,331	-	-	-
Illinois Funds	27	27	-	-	-
	318,358	318,358	-	-	-

Interest Rate Risk. The Fund’s investment policy limits its exposure by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Interest Rate Risk – Continued. It is the policy of the Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Fund 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 in order of priority, safety of principal, liquidity and rate of return.

Credit Risk. Besides investing in investment instruments authorized under State Statute, the Fund’s investment policy further limits credit risk by primarily investing in U.S. Treasury obligations and other obligations which are rated AA or better by a national rating agency. At year-end, the Fund’s investment in the Illinois Funds is rated AAAM by Standard & Poor’s and investments in U.S. agencies are not rated.

Custodial Credit Risk. The Fund’s investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by an independent third-party and evidenced by a safekeeping agreement. At year-end, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

The Fund’s investment policy mitigates custodial credit risk for investments to an extent by SIPC insurance. At year-end, the Fund’s investment in the Illinois Funds is not subject to custodial credit risk.

Concentration Risk. The Fund’s investment policy requires diversification of investments to avoid unreasonable risk. In addition to the securities and fair values listed above, the Fund also has \$2,607,711 invested in mutual funds. At year-end, the Fund has over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations) invested in IShares MSCI EAFE ETF of \$615,797 and Vanguard 500 Index Fund Admiral Shares of \$686,796.

The following are the target allocation percentages under the policy:

Investment	Minimum	Maximum
Direct U.S. Treasury Securities (Includes STRIPS, CUBES)	0 %	100 %
Interest Investments, CDs	0	30
Commercial Paper	0	10
Investment Pools Established by the State Treasurer	0	40
Money Market Mutual Funds	0	40
Equity Investments	0	45
Government Agency Securities	0	80
Government Bonds and Warrants	0	20
Municipal Bonds Rates "A" or Better	0	20

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	58.00%	7.67%
Equity	40.00%	11.35%
Cash and Cash Equivalents	2.00%	4.80%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 45%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in January of 2016 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are listed in the table above.

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.03%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2014 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about March 1 and September 1. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 2% of the tax levy, to reflect actual collection experience.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land and Right of Way	\$ 169,931	-	-	169,931
Depreciable Capital Assets				
Buildings and Improvements	2,019,134	-	-	2,019,134
Machinery and Equipment	1,150,566	104,909	166,248	1,089,227
Sanitary and Sewer System	1,385,375	144,754	-	1,530,129
	<u>4,555,075</u>	<u>249,663</u>	<u>166,248</u>	<u>4,638,490</u>
Less Accumulated Depreciation				
Buildings and Improvements	681,971	58,489	-	740,460
Machinery and Equipment	774,606	82,262	150,048	706,820
Sanitary and Sewer System	1,188,394	42,378	-	1,230,772
	<u>2,644,971</u>	<u>183,129</u>	<u>150,048</u>	<u>2,678,052</u>
Total Net Depreciable Capital Assets	<u>1,910,104</u>	<u>66,534</u>	<u>16,200</u>	<u>1,960,438</u>
Total Net Capital Assets	<u><u>2,080,035</u></u>	<u><u>66,534</u></u>	<u><u>16,200</u></u>	<u><u>2,130,369</u></u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 22,926
Public Works	57,602
Public Safety	<u>102,601</u>
	<u><u>183,129</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land and Right of Way	\$ 38,648	-	-	38,648
Depreciable Capital Assets				
Building	9,179,097	16,806	35,023	9,160,880
Machinery and Equipment	430,896	-	40,417	390,479
	<u>9,609,993</u>	<u>16,806</u>	<u>75,440</u>	<u>9,551,359</u>
Less Accumulated Depreciation				
Building	3,134,284	200,463	35,023	3,299,724
Machinery and Equipment	210,646	16,287	36,554	190,379
	<u>3,344,930</u>	<u>216,750</u>	<u>71,577</u>	<u>3,490,103</u>
Total Net Depreciable Capital Assets	<u>6,265,063</u>	<u>(199,944)</u>	<u>3,863</u>	<u>6,061,256</u>
Total Net Capital Assets	<u><u>6,303,711</u></u>	<u><u>(199,944)</u></u>	<u><u>3,863</u></u>	<u><u>6,099,904</u></u>

Depreciation expense was charged to business-type as follows:

Waterworks System \$ 216,750

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General	Waterworks System	\$ 102,878
Police Pension	General	<u>8,706</u>
		<u><u>111,584</u></u>

Interfund balances are advances in anticipation of receipts.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

Interfund Transfers

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental	\$ 62,918
Waterworks System	Capital Projects	<u>16,806</u>
		<u><u>79,724</u></u>

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

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation (Alternate Revenue Source) Refunding Bonds of 2006B - Due in annual installments of \$110,000 to \$290,000 plus interest at 3.90% to 4.20% through December 1, 2030.	Waterworks System	\$ 3,480,000	-	3,320,000 *	-
* Refunded				160,000	

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds of 2007 - Due in annual installments of \$180,000 to \$415,000 plus interest at 3.60% to 3.90% through December 1, 2018.	Debt Service	\$ 1,580,000	-	1,205,000 * 375,000	-
General Obligation Bonds of 2013 - Due in annual installments of \$280,000 to \$670,000 plus interest at 2.00% to 4.00% through August 15, 2033.	2023 Capital Infrastructure Improvement	9,310,000	-	380,000	8,930,000
Taxable General Obligation Limited Bonds of 2014 - Due in one installment of \$594,612 plus interest at 0.86% on December 1, 2015.	Capital Projects	594,612	-	594,612	-
General Obligation (Alternate Revenue Source) Refunding Bonds of 2015A - Due in annual installments of \$165,000 to \$265,000 plus interest at 3.00% through December 1, 2030.	Waterworks System	-	3,225,000	-	3,225,000
General Obligation Refunding Bonds of 2015B - Due in annual installments of \$370,000 to \$400,000 plus interest at 4.00% through December 1, 2018.	Debt Service	-	1,155,000	-	1,155,000

* Refunded

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Taxable General Obligation Limited Bonds of 2015C - Due in one installment of \$594,384 plus interest at 0.95% on December 1, 2016.	Capital Projects	\$ -	594,384	-	594,384
		14,964,612	4,974,384	6,034,612	13,904,384

Long-Term Liability Activity

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

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 105,529	5,536	2,768	108,297	21,659
Net Pension Liability					
IMRF	669,200	347,297	-	1,016,497	-
Police	7,152,834	1,653,594		8,806,428	-
General Obligation Bonds	11,484,612	1,749,384	2,554,612	10,679,384	1,349,384
Plus: Unamortized Bond Premium	149,000	-	8,000	141,000	-
	<u>19,561,175</u>	<u>3,755,811</u>	<u>2,565,380</u>	<u>20,751,606</u>	<u>1,371,043</u>
Business-Type Activities					
Compensated Absences	12,127	3,078	1,539	13,666	2,733
General Obligation Bonds	3,480,000	3,225,000	3,480,000	3,225,000	165,000
Plus: Unamortized Bond Premium	2,214	-	2,214	-	-
	<u>3,494,341</u>	<u>3,228,078</u>	<u>3,483,753</u>	<u>3,238,666</u>	<u>167,733</u>

For governmental activities compensated absences and net pension liability are generally liquidated by the General Fund. The general obligation bonds are being liquidated by the Debt Service Fund, the Capital Projects Fund and the 2023 Capital Infrastructure Improvement Fund. For the business-type activities compensated absences and general obligations bonds are liquidated by the Waterworks System Fund.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities		Business-Type Activities	
	General		General	
	Obligation Bonds		Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 1,349,384	361,886	165,000	107,500
2017	780,000	328,638	180,000	91,800
2018	800,000	305,336	185,000	86,400
2019	410,000	281,338	190,000	80,850
2020	415,000	273,136	195,000	75,150
2021	425,000	263,800	200,000	69,300
2022	440,000	251,050	205,000	63,300
2023	455,000	237,850	215,000	57,150
2024	465,000	224,200	220,000	50,700
2025	485,000	205,600	225,000	44,100
2026	505,000	186,200	235,000	37,350
2027	525,000	166,000	240,000	30,300
2028	545,000	145,000	250,000	23,100
2029	565,000	123,200	255,000	15,600
2030	590,000	100,600	265,000	7,950
2031	615,000	77,000	-	-
2032	640,000	52,400	-	-
2033	670,000	18,909	-	-
	<u>10,679,384</u>	<u>3,602,143</u>	<u>3,225,000</u>	<u>840,550</u>

Defeased Debt

On October 21, 2015, the Village issued \$3,225,000 par value General Obligation (Alternative Revenue Source) Refunding Bonds of 2015A and \$1,155,000 par value General Obligation Refunding Bonds of 2015B to refund \$3,320,000 of the General Obligation (Alternate Revenue Source) Refunding Bonds of 2006B and \$1,205,000 of the General Obligation Refunding Bonds of 2007, respectively. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the Village reduced its total debt service by \$504,829 and obtained an economic gain of \$430,586.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

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

Assessed Valuation - 2014	<u>\$ 270,462,086</u>
Bonded Debt Limit - 8.625% of Assessed Value	23,327,355
Amount of Debt Applicable to Limit	<u>10,679,384</u>
Legal Debt Margin	<u>12,647,971</u>

FUND BALANCE/NET POSITION CLASSIFICATIONS

Fund Balance Classifications

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Committed Fund Balance. The Village reports committed fund balance in the General Fund, a major fund, and in the Sewer Service Fund, a nonmajor fund. The Village Board, through formal Board action of passing an ordinance dated October 11, 2005, has committed funds in the General Fund for the purpose of the planting of trees on public parkways or other public properties in the Village. The Village Board, through formal Board action of passing an ordinance dated October 10, 1983, has committed the fund balance in the Sewer Fund for the purpose of sewer operation, maintenance and replacement of sewer lines in the Sewer Service Fund.

Assigned Fund Balance. The Village reports assigned fund balance in the Capital Projects and the 2023 Capital Infrastructure Improvement Funds, both major funds. The Village's management has assigned the funds in this fund to future improvement projects and equipment and vehicle purchases based on approved management expenditures as determined through the annual budget process.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION CLASSIFICATIONS – Continued

Fund Balance Classifications – Continued

Minimum Fund Balance Policy. The Village’s policy manual states that the Corporate Fund should maintain target fund balance between 55 and 70 percent (6.6 to 8.4 months) of operating expenditures. Excess fund balance should generally be used for one-time expenditures such as capital projects, abating debt service, or to pay down outstanding obligations such as pension costs, or Other Post-Employment Benefits (OPEB).

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Debt Service	Capital Projects		Nonmajor	Totals
			Capital Projects	2023 Capital Infrastructure Improvement		
Fund Balances						
Nonspendable						
Prepays	\$ 122,471	-	-	-	1,008	123,479
Restricted						
Public Safety	49,224	-	-	-	163,195	212,419
Debt Service	-	374,233	-	-	-	374,233
Highways and Streets	-	-	-	-	461,352	461,352
	49,224	374,233	-	-	624,547	1,048,004
Committed						
Tree Replacement	6,099	-	-	-	-	6,099
Sewer Service	-	-	-	-	231,987	231,987
	6,099	-	-	-	231,987	238,086
Assigned						
Capital Projects	-	-	498,612	7,975,908	-	8,474,520
Unassigned	3,840,438	-	-	-	-	3,840,438
Total Fund Balances	4,018,232	374,233	498,612	7,975,908	857,542	13,724,527

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION CLASSIFICATIONS – Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of the fiscal year-end:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 2,130,369
Plus: Unspent Bond Proceeds	8,482,561
Less Capital Related Debt:	
General Obligation Bonds of 2013 - Net	(9,071,000)
General Obligation Refunding Bonds of 2015B	(1,155,000)
Taxable General Obligation Limited Bonds of 2015C	<u>(594,384)</u>
Net Investment in Capital Assets	<u><u>(207,454)</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	6,099,904
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2015A	<u>(3,225,000)</u>
Net Investment in Capital Assets	<u><u>2,874,904</u></u>

Net Position Restatement

Net position was restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

<u>Net Position</u>	<u>As Reported</u>	<u>As Restated</u>	<u>(Decrease)</u>
Governmental Activities	\$ 4,421,055	(2,411,755)	(6,832,810)

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

Intergovernmental Risk Management Agency (IRMA)

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. These risks are provided for through a limited self-insurance program and private insurance coverage. The Village currently reports all its risk management activities in its self-insurance fund.

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

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts about that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

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

North Suburban Employee's Benefit Cooperative (NSEBC)

The Village participates in the North Suburban Employee's Benefit Cooperative (NSEBC), an agency of municipalities created to finance and administer health and life insurance benefits for its members. Each municipality appoints one representative to serve on the Board of Directors. The Board determines the general government policies which include approval of the annual budget. For the year ended December 31, 2014, NSEBC had total equity of \$4,618,691. The Village's total payments for the year ended December 31, 2015 were \$336,208.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

The Village is currently not a defendant in any lawsuits.

Grants

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

Solid Waste Agency of Northern Cook County (SWANCC)

The Village's contract with the Solid Waste Agency of Northern Cook County (SWANCC) provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

JOINT VENTURES

Solid Waste Agency of Northern Cook County (SWANCC)

The Village is a member of the Solid Waste Agency of Northern Cook County (SWANCC) which consists of twenty-three municipalities. SWANCC is a municipal corporation and public body politic established pursuant to the Constitution Act of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended.

SWANCC is empowered to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members. SWANCC is governed by a Board of Directors which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of SWANCC are appointed by the Board of Directors.

The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the SWANCC agreement or the by-laws. Separate audited financial statements are available at 77 W. Hintz Road, Suite 200 Wheeling, IL 60090.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Solid Waste Agency of Northern Cook County (SWANCC) – Continued

SWANCC's bonds are revenue obligations. They are limited obligations of SWANCC, with a claim for payment solely from and secured by a pledge of the revenues of the system, and amounts in various funds and accounts established by SWANCC resolutions. SWANCC has no power to levy taxes.

Revenues of the system consist of: (a) all receipts derived from Solid Waste Disposal Contracts or any other contracts for the disposal of waste; (b) all income derived from the investment of monies; and (c) all income, fees, service charges, and all grants, rents, and receipts derived by SWANCC from the ownership and operation of the system.

SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC has entered into Solid Waste Disposal Contracts with the member municipalities. The Contracts are irrevocable, and may not be terminated or amended, except as provided in the Contract. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual cost of the system.

The obligation of the Village to make all payments as required by this Contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under this Contract.

The payments required to be made by the Village under this Contract are required to be made solely from revenues to be derived by the Village from the operation of the refuse collection system. The Village is not prohibited by the Contract from using any other funds to make the payments required by the Contract. The Contract shall not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the joint venture agreement, the Village remitted \$29,856 to SWANCC for the year ended December 31, 2015, which is recorded in the Village's General Fund.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. Separate reports are issued for the Police Pension Plan and can be obtained by writing the Village at 419 Richmond Road, Kenilworth, Illinois 60043. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police Pension Plan) hired in positions that need or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) 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 the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2015, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	16
Inactive Plan Members Entitled to but not yet Receiving Benefits	15
Active Plan Members	<u>12</u>
Total	<u><u>43</u></u>

Contributions. As set by statute, the Village’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village’s annual contribution rate for calendar year 2015 was 13.18% of covered payroll.

Net Pension Liability. The Village’s net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.47%
Salary Increases	3.75% - 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the PR-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Discount Rate

A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Net Pension Liability	\$ 1,934,690	1,016,497	251,932

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 7,165,076	6,495,876	669,200
Changes for the Year:			
Service Cost	108,893	-	108,893
Interest on the Total Pension Liability	525,468	-	525,468
Difference Between Expected and Actual Experience of the Total Pension Liability	83,440	-	83,440
Changes of Assumptions	8,517	-	8,517
Contributions - Employer	-	131,241	(131,241)
Contributions - Employees	-	44,809	(44,809)
Net Investment Income	-	31,947	(31,947)
Benefit Payments, including Refunds of Employee Contributions	(389,108)	(389,108)	-
Other (Net Transfer)	-	171,024	(171,024)
Net Changes	337,210	(10,087)	347,297
Balances at December 31, 2015	7,502,286	6,485,789	1,016,497

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Village recognized pension expense of \$145,270. At December 31, 2015, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 58,005	(13,131)	44,874
Change in Assumptions	112,043	-	112,043
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	415,647	-	415,647
Total Deferred Amounts Related to IMRF	<u>585,695</u>	<u>(13,131)</u>	<u>572,564</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2016	\$ 212,356
2017	153,305
2018	116,168
2019	90,735
2020	-
Thereafter	<u>-</u>
Total	<u>572,564</u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At December 31, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	12
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>9</u>
	<u><u>21</u></u>

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent 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 benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. 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 and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2015, the Village's contribution was 92.35% of covered payroll. An additional one-time contribution of \$418,054 was made during the fiscal year-ended December 31, 2015.

Concentrations. At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

Investment	Amount
Ishares MSCI EAFE ETF	\$ 615,797
Vanguard 500 Index Fund Admiral Shares	686,796

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	5.50%
Salary Increases	3.50% - 12.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates are based on the assumption study prepared by Lauterbach & Amen, LLP in 2016. The tables combines observed experience of Illinois Police Officers with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

Discount Rate

The discount rate used to measure the total pension liability was 5.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liabilities calculated using the discount rate as well as what the net pension liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net Pension Liability	\$ 11,130,703	8,806,428	6,928,170

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 13,281,850	6,129,016	7,152,834
Changes for the Year:			
Service Cost	222,015	-	222,015
Interest on the Total Pension Liability	777,621	-	777,621
Difference Between Expected and Actual Experience of the Total Pension Liability	150,138	-	150,138
Changes of Assumptions	1,352,185	-	1,352,185
Contributions - Employer	-	800,144	(800,144)
Contributions - Employees	-	79,967	(79,967)
Net Investment Income	-	(21,806)	21,806
Benefit Payments, including Refunds of Employee Contributions	(643,012)	(643,012)	-
Other (Net Transfer)	-	(9,940)	9,940
Net Changes	1,858,947	205,353	1,653,594
Balances at December 31, 2015	15,140,797	6,334,369	8,806,428

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Village recognized pension expense of \$1,164,534. At December 31, 2015, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 119,497	-	119,497
Change in Assumptions	1,076,228	-	1,076,228
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	317,088	-	317,088
Total Deferred Amounts Related to Police Pension	<u>1,512,813</u>	-	<u>1,512,813</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2016	\$ 385,871
2017	385,871
2018	385,871
2019	355,200
2020	-
Thereafter	<u>-</u>
Total	<u>1,512,813</u>

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The Village has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. A basic calculation on the number of potential members in the plan was performed. As the explicit cost of these 6 retirees paying 100% of the premium is immaterial, there is no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Therefore, the Village has not recorded any post-employment benefit liability as of December 31, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Employer Contributions
 Illinois Municipal Retirement Fund
 Police Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
 Illinois Municipal Retirement Fund
 Police Pension Fund

- Schedule of Investment Returns
 Police Pension Fund

- Budgetary Comparison Schedule
 General Fund

Notes to the Required Supplementary Information

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

VILLAGE OF KENILWORTH, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 131,241	\$ 131,241	\$ -	\$ 995,754	13.18%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.40% - 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 365,391	\$ 355,989	\$ (9,402)	\$ 795,925	44.73%
2015	396,908	800,144	403,236	866,420	92.35%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.50% - 12.25%
Investment Rate of Return	5.50%
Retirement Age	50-70
Mortality	L&A 2016 Illinois Police Mortality Rates

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF KENILWORTH, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2015**

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 108,893
Interest	525,468
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	83,440
Change of Assumptions	8,517
Benefit Payments, Including Refunds of Member Contributions	<u>(389,108)</u>
Net Change in Total Pension Liability	337,210
Total Pension Liability - Beginning	<u>7,165,076</u>
Total Pension Liability - Ending	<u><u>7,502,286</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 131,241
Contributions - Members	44,809
Contributions - Other	-
Net Investment Income	31,947
Benefit Payments, Including Refunds of Member Contributions	(389,108)
Administrative Expense	<u>171,024</u>
Net Change in Plan Fiduciary Net Position	(10,087)
Plan Net Position - Beginning	<u>6,495,876</u>
Plan Net Position - Ending	<u><u>6,485,789</u></u>
Employer's Net Pension Liability	<u><u>\$ 1,016,497</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%
Covered-Employee Payroll	\$ 995,754
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	102.08%

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2015**

	2014	2015
Total Pension Liability		
Service Cost	\$ 214,682	222,015
Interest	738,778	777,621
Differences Between Expected and Actual Experience	521,142	150,138
Change of Assumptions	810,192	1,352,185
Benefit Payments, Including Refunds of Member Contributions	(737,524)	(643,012)
Net Change in Total Pension Liability	1,547,270	1,858,947
Total Pension Liability - Beginning	11,734,580	13,281,850
Total Pension Liability - Ending	13,281,850	15,140,797
Plan Fiduciary Net Position		
Contributions - Employer	\$ 355,989	800,144
Contributions - Members	123,705	79,967
Net Investment Income	238,390	(21,806)
Benefit Payments, Including Refunds of Member Contributions	(737,524)	(643,012)
Administrative Expense	(6,514)	(9,940)
Net Change in Plan Fiduciary Net Position	(25,954)	205,353
Plan Net Position - Beginning	6,154,970	6,129,016
Plan Net Position - Ending	6,129,016	6,334,369
Employer's Net Pension Liability	\$ 7,152,834	8,806,428
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.15%	41.84%
Covered-Employee Payroll	\$ 795,925	866,420
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	898.68%	1016.42%

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
December 31, 2015**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	4.24%
2015	(0.03%)

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 3,289,208	3,289,208	3,245,546
Charges for Services	693,360	693,360	465,941
Licenses and Permits	500,850	500,850	472,825
Fines and Forfeitures	34,000	34,000	42,938
Interest Income	6,500	6,500	11,927
Miscellaneous	73,000	73,000	96,036
Total Revenues	<u>4,596,918</u>	<u>4,596,918</u>	<u>4,335,213</u>
Expenditures			
Current			
General Government	826,046	900,146	793,579
Public Works	657,040	486,940	306,004
Public Safety	2,528,158	2,951,712	2,843,100
Highways and Streets	499,467	499,467	422,264
Culture and Recreation	35,532	35,532	32,250
Capital Outlay	33,550	124,050	102,155
Total Expenditures	<u>4,579,793</u>	<u>4,997,847</u>	<u>4,499,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,125</u>	<u>(400,929)</u>	<u>(164,139)</u>
Other Financing Sources			
Disposal of Capital Assets	-	-	4,380
Transfers In	62,918	62,918	62,918
	<u>62,918</u>	<u>62,918</u>	<u>67,298</u>
Net Change in Fund Balance	<u>80,043</u>	<u>(338,011)</u>	(96,841)
Fund Balance - Beginning			<u>4,115,073</u>
Fund Balance - Ending			<u><u>4,018,232</u></u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
 - General
 - Debt Service
 - Capital Projects
 - 2023 Capital Infrastructure Improvement - Capital Projects Fund
- Combining Statements – Nonmajor Governmental Special Revenue Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Special Revenue Funds
 - Sewer Service
 - Motor Fuel Tax
 - E-911
- Budgetary Comparison Schedule – Enterprise Fund
 - Waterworks System
- Budgetary Comparison Schedule – Pension Trust Fund
 - Police Pension

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund, a major fund, is used to account for all financial resources except those required to be accounted for in another fund.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

SPECIAL REVENUE FUNDS

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

Sewer Service Fund

The Sewer Service Fund is used to account for the activities of the sewer service operations.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the activities involved with street maintenance and construction. Financing is provided by the Village's share of state gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

E-911 Fund

The E-911 Fund is used to account for the activities of the 911 emergency service system.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

Capital Projects Fund

The Capital Projects Fund is used to account for revenues and expenditures relative to the construction of capital improvements..

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS – Continued

2023 Capital Infrastructure Improvement

The 2023 Capital Infrastructure Improvement Fund is used to account for revenues and expenditures related to the Village's 2023 Infrastructure Improvement Program.

ENTERPRISE FUND

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

Waterworks System Fund

The Waterworks System Fund is used to account for the provision of portable water services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

TRUST FUND

PENSION TRUST FUND

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 2,683,408	2,683,408	2,582,514
Other Taxes			
Replacement Taxes	33,000	33,000	37,979
State Sales Taxes	44,000	44,000	45,524
State Income Taxes	218,000	218,000	267,391
Local Use Tax	40,000	40,000	55,076
Utility Tax	259,500	259,500	242,985
Vehicle Tax	800	800	2,067
Miscellaneous Tax	10,500	10,500	12,010
	<u>605,800</u>	<u>605,800</u>	<u>663,032</u>
Total Taxes	<u>3,289,208</u>	<u>3,289,208</u>	<u>3,245,546</u>
Charges for Services			
Ambulance User Fees	18,500	18,500	23,778
Elevator User Fees	50	50	701
Beach Fees	30,750	30,750	34,357
Fire and Burglar Alarm Fees	10,000	10,000	10,605
Yard Waste Stickers	8,000	8,000	12,807
State Highway Maintenance	-	-	1,400
Special Duty Detail	5,000	5,000	3,210
Waste Collections	495,360	495,360	239,899
Antenna Lease Fee	117,000	117,000	124,290
Kenilworth Park District Fees	5,000	5,000	10,714
Miscellaneous Fees	3,700	3,700	4,180
	<u>693,360</u>	<u>693,360</u>	<u>465,941</u>
Total Charges for Services	<u>693,360</u>	<u>693,360</u>	<u>465,941</u>
Licenses and Permits			
Licenses			
Vehicle License	128,000	128,000	130,165
Animal License	1,800	1,800	1,770
	<u>129,800</u>	<u>129,800</u>	<u>131,935</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Licenses and Permits - Continued			
Permits			
Building	\$ 305,000	305,000	263,512
Parking	35,000	35,000	42,960
Tree Permits	1,000	1,000	600
Filing Fees	4,050	4,050	5,800
Zoning Review	6,000	6,000	6,950
Plan Review	20,000	20,000	21,068
	<u>371,050</u>	<u>371,050</u>	<u>340,890</u>
Total Licenses and Permits	<u>500,850</u>	<u>500,850</u>	<u>472,825</u>
Fines and Forfeitures			
Circuit Court Fees	4,000	4,000	2,280
DUI Fines	1,000	1,000	726
Village Ordinance Fines	29,000	29,000	39,932
	<u>34,000</u>	<u>34,000</u>	<u>42,938</u>
Total Fines and Forfeitures	<u>34,000</u>	<u>34,000</u>	<u>42,938</u>
Interest Income	<u>6,500</u>	<u>6,500</u>	<u>11,927</u>
Miscellaneous			
Cable Television Franchise Fees	44,000	44,000	51,426
IRMA Insurance Proceeds	10,000	10,000	26,861
Other Income	19,000	19,000	17,749
	<u>73,000</u>	<u>73,000</u>	<u>96,036</u>
Total Miscellaneous	<u>73,000</u>	<u>73,000</u>	<u>96,036</u>
Total Revenues	<u>4,596,918</u>	<u>4,596,918</u>	<u>4,335,213</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Personnel			
Salaries			
Regular	\$ 280,520	280,520	270,884
Merit - Vacation Buy Back	3,000	25,000	24,296
Part-Time	5,067	10,167	10,102
Employee Benefits			
Medical	35,766	35,766	25,999
Dental	3,204	3,204	2,357
Life	786	786	766
Other Benefits	60,203	60,203	60,747
	<u>388,546</u>	<u>415,646</u>	<u>395,151</u>
Contractual Services			
Auditing	17,500	17,500	17,500
J.U.L.I.E. Fees	2,000	2,000	1,302
Plan Review and Inspections	35,000	52,500	52,886
Printing and Publishing	7,000	7,000	4,538
Telephone	3,150	3,150	2,441
Cell Phone	800	800	1,084
Miscellaneous	2,500	2,500	2,052
Professional Fees	111,500	135,000	97,575
Postage	6,000	6,000	3,565
Dues, Memberships and Subscriptions	9,700	9,700	9,509
Repair and Maintenance - Computer Equipment	2,000	2,000	406
Repair and Maintenance - Vehicles/Equipment	500	500	75
	<u>197,650</u>	<u>238,650</u>	<u>192,933</u>
Commodities			
Office Supplies	4,000	4,000	1,648
Other Supplies	500	500	1,923
	<u>4,500</u>	<u>4,500</u>	<u>3,571</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Other Expenditures			
Fuel	\$ 150	150	37
Recruitment and Training	900	900	1,243
Miscellaneous	5,200	5,200	4,681
Uncollectible Accounts	500	500	3,019
Auto Allowance	4,800	4,800	4,800
	<u>11,550</u>	<u>11,550</u>	<u>13,780</u>
Total Administrative	<u>602,246</u>	<u>670,346</u>	<u>605,435</u>
Support Services			
Insurance - Liability and Workers' Compensation	139,000	139,000	126,806
Village Attorney	77,500	83,500	55,600
Village Prosecutor	3,250	3,250	2,975
Maintenance of Office Equipment	2,250	2,250	839
Internet Service	1,800	1,800	1,924
	<u>223,800</u>	<u>229,800</u>	<u>188,144</u>
Total Support Services	<u>223,800</u>	<u>229,800</u>	<u>188,144</u>
Total General Government	<u>826,046</u>	<u>900,146</u>	<u>793,579</u>
Public Works			
Building and Grounds			
Personnel			
Salaries			
Maintenance	16,421	16,421	16,447
Overtime	1,300	1,300	771
Merit - Vacation Buy Back	175	175	110
Employee Benefits			
Medical	4,238	4,238	3,384
Dental	389	389	317
Other Benefits	3,717	3,717	3,569
	<u>26,240</u>	<u>26,240</u>	<u>24,598</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Building and Grounds - Continued			
Contractual Services			
Outside Maintenance	\$ 23,000	23,000	26,709
Commodities			
Building Repairs - Village Hall	15,000	15,000	12,321
Building Repairs - Public Works	5,000	5,000	4,267
Janitorial Supplies	2,500	2,500	2,077
Maintenance and Other Supplies	2,000	2,000	1,156
Heating, Electric and Water Utilities	3,250	3,250	1,707
	<u>27,750</u>	<u>27,750</u>	<u>21,528</u>
Total Building and Grounds	<u>76,990</u>	<u>76,990</u>	<u>72,835</u>
Waste Removal			
Personnel			
Salaries			
Regular	44,546	44,546	43,842
Merit - Vacation Buy Back	610	610	3,296
Employee Benefits			
Medical	4,574	4,574	3,940
Dental	439	439	394
Other Benefits	9,406	9,406	9,420
	<u>59,575</u>	<u>59,575</u>	<u>60,892</u>
Contractual Services			
Waste Removal - Regular	338,000	149,900	84,479
Yard Waste Disposal	142,400	142,400	29,856
Leaf Pickup	-	12,500	12,320
	<u>480,400</u>	<u>304,800</u>	<u>126,655</u>
Total Waste Removal	<u>539,975</u>	<u>364,375</u>	<u>187,547</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Forestry			
Contractual Services			
Professional Services	\$ 500	500	1,597
Dues & Subscriptions	575	575	575
Tree Planting Program	3,000	3,000	3,500
Tree Removal and Trimming	34,000	39,500	38,436
	<u>38,075</u>	<u>43,575</u>	<u>44,108</u>
Commodities			
Maintenance & Construction Supplies	2,000	2,000	1,514
	<u>2,000</u>	<u>2,000</u>	<u>1,514</u>
Total Forestry	<u>40,075</u>	<u>45,575</u>	<u>45,622</u>
Total Public Works	<u>657,040</u>	<u>486,940</u>	<u>306,004</u>
Public Safety			
Police Department			
Personnel			
Salaries			
Regular	994,954	994,954	982,014
Police Pension Contributions	396,908	814,962	800,144
Overtime	75,000	75,000	56,045
Merit - Vacation Buy Back	5,000	10,500	12,674
Part-Time	148,440	148,440	148,583
Employee Benefits			
Medical	157,092	157,092	123,413
Dental	15,589	15,589	12,311
Life	1,873	1,873	1,861
Other Benefits	68,219	68,219	65,957
	<u>1,863,075</u>	<u>2,286,629</u>	<u>2,203,002</u>
Contractual Services			
Maintenance - Office Equipment	460	460	475
Printing and Publishing	1,200	1,200	769
Telephone	3,500	3,500	2,585
Cell Phone	3,500	3,500	3,955
Outside Maintenance Service	1,000	1,000	879
Criminal Justice Connectivity	5,700	5,700	5,244

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Contractual Services - Continued			
Animal Control and Health Official	\$ 800	800	-
Postage	700	700	299
Dues, Memberships and Subscriptions	7,300	7,300	7,425
Municipal Partnerships	17,400	17,400	16,577
Repair and Maintenance - Computer Equipment	1,000	1,000	39
Repair and Maintenance - Vehicles/Equipment	23,305	23,305	25,127
	<u>65,865</u>	<u>65,865</u>	<u>63,374</u>
Commodities			
Office Supplies	2,700	2,700	2,497
Other Supplies	10,715	10,715	10,599
Uniforms	13,000	13,000	8,842
	<u>26,415</u>	<u>26,415</u>	<u>21,938</u>
Other Expenditures			
Fuel	22,000	22,000	12,580
Recruitment and Training	20,000	20,000	18,518
Miscellaneous	2,200	2,200	2,647
Auto Allowance	4,800	4,800	4,800
Community Service	2,500	2,500	2,381
	<u>51,500</u>	<u>51,500</u>	<u>40,926</u>
Total Police Department	<u>2,006,855</u>	<u>2,430,409</u>	<u>2,329,240</u>
Fire Department			
Personnel			
Salaries			
Regular	12,179	12,179	12,019
Merit - Vacation Buy Back	-	-	50
Employee Benefits			
Medical	1,068	1,068	1,234
Dental	179	179	156
Other Benefits	177	177	172
	<u>13,603</u>	<u>13,603</u>	<u>13,631</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department - Continued			
Contractual Services			
Miscellaneous Services	\$ -	-	1,334
Fire Protection	499,800	499,800	496,929
Fire Safety Inspection Service	7,900	7,900	1,966
	<u>507,700</u>	<u>507,700</u>	<u>500,229</u>
Total Fire Department	<u>521,303</u>	<u>521,303</u>	<u>513,860</u>
Total Public Safety	<u>2,528,158</u>	<u>2,951,712</u>	<u>2,843,100</u>
Highways and Streets			
Street Department			
Personnel			
Salaries			
Regular	161,380	161,380	157,109
Overtime	11,500	11,500	6,938
Merit - Vacation Buy Back	2,025	2,025	990
Part-Time	15,767	15,767	10,863
Employee Benefits			
Medical	42,275	42,275	30,223
Dental	3,868	3,868	2,952
Life	282	282	285
Other Benefits	38,369	38,369	35,210
	<u>275,466</u>	<u>275,466</u>	<u>244,570</u>
Contractual Services			
Telephone	1,300	1,300	1,206
Cell Phone	1,000	1,000	1,120
Maintenance - Office Equipment	500	500	-
Outside Maintenance	37,000	37,000	39,691
Repair and Maintenance - Computer Equipment	1,500	1,500	50
Repair and Maintenance - Vehicles/Equipment	12,000	12,000	12,919
Signs - Traffic and Streets	5,000	5,000	4,498
Equipment Rental	500	500	168
Engineering Services	20,000	20,000	-
Dues, Memberships and Subscriptions	500	500	331
	<u>79,300</u>	<u>79,300</u>	<u>59,983</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
Street Department - Continued			
Commodities			
Office Supplies	\$ 300	300	183
Other Supplies	2,500	2,500	2,547
Heating, Electric and Water Utilities	6,900	6,900	1,224
Maintenance Supplies	13,000	13,000	7,899
Snow Removal Supplies	41,000	41,000	37,418
Uniforms	1,300	1,300	1,254
Safety Equipment	750	750	486
	<u>65,750</u>	<u>65,750</u>	<u>51,011</u>
Other Expenditures			
Fuel	11,500	11,500	6,541
Recruitment and Training	2,000	2,000	1,230
Auto Allowance	2,400	2,400	2,400
Miscellaneous Expenditure	200	200	170
	<u>16,100</u>	<u>16,100</u>	<u>10,341</u>
Total Street Department	<u>436,616</u>	<u>436,616</u>	<u>365,905</u>
Street Lighting			
Personnel			
Salaries			
Regular	16,421	16,421	16,446
Overtime	1,300	1,300	771
Merit - Vacation Buy Back	175	175	110
Employee Benefits			
Medical	4,238	4,238	3,384
Dental	389	389	317
Other Benefits	3,728	3,728	3,569
	<u>26,251</u>	<u>26,251</u>	<u>24,597</u>
Contractual Services			
Repairs and Maintenance	8,500	8,500	6,709
Equipment Rental	500	500	-
	<u>9,000</u>	<u>9,000</u>	<u>6,709</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
Street Lighting - Continued			
Commodities			
Other Supplies	\$ 7,000	7,000	5,837
Heating, Electric and Water Utilities	20,000	20,000	18,917
	<u>27,000</u>	<u>27,000</u>	<u>24,754</u>
Other Expenditures			
Fuel	600	600	299
	<u>62,851</u>	<u>62,851</u>	<u>56,359</u>
	<u>499,467</u>	<u>499,467</u>	<u>422,264</u>
Culture and Recreation			
Beach			
Personnel			
Salaries			
Part-Time	25,500	25,500	23,187
Employee Benefits			
Other Benefits	2,132	2,132	1,902
	<u>27,632</u>	<u>27,632</u>	<u>25,089</u>
Contractual Services			
Printing and Publishing	1,000	1,000	586
Telephone	350	350	250
Miscellaneous	3,500	3,500	5,513
Laboratory Services	1,200	1,200	(689)
Equipment Rental	1,200	1,200	909
	<u>7,250</u>	<u>7,250</u>	<u>6,569</u>
Commodities			
Other Supplies	500	500	482
Other Expenditures			
Recruitment and Training	150	150	110
	<u>35,532</u>	<u>35,532</u>	<u>32,250</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Capital Outlay			
General Government			
Software	\$ 7,850	18,350	10,172
Computer Equipment	15,000	15,000	8,484
Machinery and Equipment	-	-	466
Office Furniture	1,250	1,250	182
Total General Government	24,100	34,600	19,304
Public Safety			
Police Department			
Vehicle Fund Expense	1,200	1,200	-
Office Furniture	500	500	386
Machinery and Equipment	2,000	2,000	138
Software	500	500	-
Computer Equipment	2,500	2,500	914
Total Police Department	6,700	6,700	1,438
Fire Department			
Foreign Fire Expenses	-	80,000	80,000
Total Fire Department	-	80,000	80,000
Total Public Safety	6,700	86,700	81,438
Highways and Streets			
Street Department			
Machinery and Equipment	1,000	1,000	1,267
Computer Equipment	1,000	1,000	-
Total Highways and Streets	2,000	2,000	1,267
Culture and Recreation			
Beach			
Machinery and Equipment	750	750	146
Total Culture and Recreation	750	750	146
Total Capital Outlay	33,550	124,050	102,155
Total Expenditures	4,579,793	4,997,847	4,499,352

VILLAGE OF KENILWORTH, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 1,728,588	1,728,588	1,745,222
Interest Income	1,000	1,000	2,083
Total Revenues	<u>1,729,588</u>	<u>1,729,588</u>	<u>1,747,305</u>
Expenditures			
Debt Service			
Principal Retirement	1,355,000	1,349,612	1,349,612
Interest and Fiscal Charges	378,638	389,238	365,765
Total Expenditures	<u>1,733,638</u>	<u>1,738,850</u>	<u>1,715,377</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,050)</u>	<u>(9,262)</u>	<u>31,928</u>
Other Financing Sources (Uses)			
Debt Issuance	-	-	1,155,000
Premium on Debt Issuance	-	-	51,198
Payment to Escrow Agent	-	-	(1,228,400)
	<u>-</u>	<u>-</u>	<u>(22,202)</u>
Net Change in Fund Balance	<u>(4,050)</u>	<u>(9,262)</u>	9,726
Fund Balance - Beginning			<u>364,507</u>
Fund Balance - Ending			<u><u>374,233</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Federal Grants	\$ 31,500	31,500	-
Interest Income	800	800	662
Total Revenues	<u>32,300</u>	<u>32,300</u>	<u>662</u>
Expenditures			
Capital Outlay	<u>795,500</u>	<u>795,500</u>	<u>737,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(763,200)</u>	<u>(763,200)</u>	<u>(736,634)</u>
Other Financing Sources (Uses)			
Debt Issuance	585,000	585,000	594,384
Transfers Out	-	-	(16,806)
	<u>585,000</u>	<u>585,000</u>	<u>577,578</u>
Net Change in Fund Balance	<u>(178,200)</u>	<u>(178,200)</u>	(159,056)
Fund Balance - Beginning			<u>657,668</u>
Fund Balance - Ending			<u><u>498,612</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

2023 Capital Infrastructure Improvement - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
State Grants	\$ 993,000	993,000	-
Interest Income	875	875	15,233
Total Revenues	<u>993,875</u>	<u>993,875</u>	<u>15,233</u>
Expenditures			
Capital Outlay	<u>8,477,750</u>	<u>8,477,750</u>	<u>42,666</u>
Net Change in Fund Balance	<u>(7,483,875)</u>	<u>(7,483,875)</u>	(27,433)
Fund Balance - Beginning			<u>8,003,341</u>
Fund Balance - Ending			<u><u>7,975,908</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet
December 31, 2015**

	Sewer Service	Motor Fuel Tax	E-911	Totals
ASSETS				
Cash and Investments	\$ 215,497	448,719	161,861	826,077
Receivables - Net of Allowances				
Accounts	17,096	13,927	2,055	33,078
Prepays	-	-	1,008	1,008
	<hr/>			
Total Assets	232,593	462,646	164,924	860,163
	<hr/> <hr/>			
LIABILITIES				
Accounts Payable	606	1,294	721	2,621
	<hr/>			
FUND BALANCES				
Nonspendable	-	-	1,008	1,008
Restricted	-	461,352	163,195	624,547
Committed	231,987	-	-	231,987
Total Fund Balances	231,987	461,352	164,203	857,542
	<hr/>			
Total Liabilities and Fund Balances	232,593	462,646	164,924	860,163
	<hr/> <hr/>			

VILLAGE OF KENILWORTH, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015**

	Sewer Service	Motor Fuel Tax	E-911	Totals
Revenues				
Intergovernmental	\$ -	61,436	-	61,436
Charges for Services	84,083	-	80,007	164,090
Interest Income	446	797	295	1,538
Total Revenues	84,529	62,233	80,302	227,064
Expenditures				
Current				
Public Works	35,006	-	-	35,006
Public Safety	-	-	39,554	39,554
Highways and Streets	-	3,816	-	3,816
Capital Outlay	997	-	16,904	17,901
Total Expenditures	36,003	3,816	56,458	96,277
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,526	58,417	23,844	130,787
Other Financing (Uses)				
Transfers Out	(44,044)	-	(18,874)	(62,918)
Net Change in Fund Balances	4,482	58,417	4,970	67,869
Fund Balances - Beginning	227,505	402,935	159,233	789,673
Fund Balances - Ending	231,987	461,352	164,203	857,542

VILLAGE OF KENILWORTH, ILLINOIS

Sewer Service - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Sewer Charges	\$ 80,000	80,000	84,083
Interest Income	450	450	446
Total Revenues	<u>80,450</u>	<u>80,450</u>	<u>84,529</u>
Expenditures			
Public Works			
Outside Maintenance Services	27,000	27,000	28,049
Repair and Maintenance - Vehicles/Equipment	2,000	2,000	1,754
Engineering	1,500	1,500	1,593
Equipment Rental	500	500	-
Other Supplies	400	400	78
Maintenance and Construction Supplies	2,000	2,000	2,309
Permit Fee	1,000	1,000	1,015
Miscellaneous	-	-	208
Capital Outlay	2,000	2,000	997
Total Expenditures	<u>36,400</u>	<u>36,400</u>	<u>36,003</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,050	44,050	48,526
Other Financing (Uses)			
Transfers Out	<u>(44,044)</u>	<u>(44,044)</u>	<u>(44,044)</u>
Net Change in Fund Balance	<u>6</u>	<u>6</u>	4,482
Fund Balance - Beginning			<u>227,505</u>
Fund Balance - Ending			<u>231,987</u>

VILLAGE OF KENILWORTH, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Allotment	\$ 65,000	65,000	61,436
Interest Income	700	700	797
Total Revenues	<u>65,700</u>	<u>65,700</u>	<u>62,233</u>
Expenditures			
Highways and Streets	-	13,500	3,816
Net Change in Fund Balance	<u>65,700</u>	<u>52,200</u>	58,417
Fund Balance - Beginning			<u>402,935</u>
Fund Balance - Ending			<u><u>461,352</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

E-911 - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Surcharge Revenue	\$ 85,000	85,000	80,007
Interest Income	400	400	295
Total Revenues	<u>85,400</u>	<u>85,400</u>	<u>80,302</u>
Expenditures			
Public Safety			
Telephone	17,512	17,512	15,334
Outside Maintenance Service	23,207	23,207	23,141
Miscellaneous	2,000	2,000	1,079
Capital Outlay	6,086	17,086	16,904
Total Expenditures	<u>48,805</u>	<u>59,805</u>	<u>56,458</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,595	25,595	23,844
Other Financing (Uses)			
Transfers Out	<u>(18,874)</u>	<u>(18,874)</u>	<u>(18,874)</u>
Net Change in Fund Balance	<u>17,721</u>	<u>6,721</u>	4,970
Fund Balance - Beginning			<u>159,233</u>
Fund Balance - Ending			<u>164,203</u>

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,015,000	1,015,000	984,724
Miscellaneous	3,000	3,000	8,486
Total Operating Revenues	<u>1,018,000</u>	<u>1,018,000</u>	<u>993,210</u>
Operating Expenses			
Operations			
Personnel	349,292	355,742	338,772
Contractual Services	333,675	348,275	132,283
Commodities	77,900	77,900	65,844
Other Expenses	93,300	66,650	32,380
Depreciation and Amortization	6,075	6,075	261,300
Total Operating Expenses	<u>860,242</u>	<u>854,642</u>	<u>830,579</u>
Operating Income	<u>157,758</u>	<u>163,358</u>	<u>162,631</u>
Nonoperating Revenues (Expenses)			
Interest Income	20	20	158
Other Income	-	-	29,056
Interest and Fiscal Charges	(143,413)	(149,013)	(87,574)
	<u>(143,393)</u>	<u>(148,993)</u>	<u>(58,360)</u>
Income Before Transfers	14,365	14,365	104,271
Transfers In	-	-	<u>16,806</u>
Change in Net Position	<u>14,365</u>	<u>14,365</u>	121,077
Net Position - Beginning			<u>2,829,167</u>
Net Position - Ending			<u>2,950,244</u>

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Operations			
Personnel			
Salaries			
Regular	\$ 231,777	231,777	229,509
Overtime	11,500	11,500	6,938
Merit - Vacation Buy Back	2,025	8,475	8,842
Compensated Absences	-	-	1,539
Employee Benefits			
Medical	47,760	47,760	37,876
Dental	4,406	4,406	3,596
Life	329	329	330
Other Benefits	51,495	51,495	50,142
Total Personnel	349,292	355,742	338,772
Contractual Services			
Village Attorney	7,500	7,500	5,623
Printing and Publishing	1,300	1,300	1,191
Telephone and Internet	12,250	12,250	10,926
Outside Maintenance	10,000	17,600	17,706
Equipment Maintenance	3,050	3,050	2,862
Laboratory Services	3,500	3,500	3,090
Professional Services	181,200	181,200	73,549
Postage	2,200	2,200	2,029
Dues, Memberships and Subscriptions	350	350	325
Equipment Rental	500	500	-
Miscellaneous Services	12,075	12,075	6,243
Engineering	12,250	19,250	-
Repairs and Maintenance - Computer Equipment	7,000	7,000	6,173
Repairs and Maintenance - Vehicles/Equipment	2,500	2,500	2,566
Repairs and Maintenance - Hydrant/Valve	3,000	3,000	-
Repairs and Maintenance - Water Mains	75,000	75,000	-
Total Contractual Services	333,675	348,275	132,283

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Operations - Continued			
Commodities			
Janitorial Supplies	\$ 500	500	469
Office Supplies	500	500	134
Other Supplies	300	300	321
Maintenance Supplies	21,000	21,000	14,256
Heating, Electric and Water Utilities	40,300	40,300	34,975
Uniforms	1,300	1,300	997
Chemicals	14,000	14,000	14,692
Total Commodities	77,900	77,900	65,844
Other Expenses			
Auto Allowance	2,400	2,400	2,400
Fuel	5,800	5,800	3,294
Recruitment and Training	600	600	-
Machinery and Equipment	84,500	57,850	19,630
Miscellaneous	-	-	7,056
Total Other Expenses	93,300	66,650	32,380
Depreciation and Amortization	6,075	6,075	261,300
Debt Service			
Principal Retirement	160,000	160,000	160,000
Interest Expense	143,413	149,013	87,574
	303,413	309,013	247,574
Less Nonoperating Items			
Debt Service	(303,413)	(309,013)	(247,574)
Total Debt Service	-	-	-
Total Operating Expenses	860,242	854,642	830,579

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 396,908	814,962	800,144
Contributions - Employee	80,000	80,000	79,967
Total Contributions	476,908	894,962	880,111
Investment Income			
Interest Income	70,000	70,000	162,655
Net Change in Fair Value	-	-	(161,084)
	70,000	70,000	1,571
Less Investment Expenses	(24,600)	(24,600)	(23,377)
Net Investment Income	45,400	45,400	(21,806)
Total Additions	522,308	940,362	858,305
Deductions			
Administration	10,150	10,150	9,940
Benefits and Refunds	641,111	643,111	643,012
Total Deductions	651,261	653,261	652,952
Change in Fiduciary Net Position	(128,953)	287,101	205,353
Net Position Restricted for Pensions			
Beginning			6,129,016
Ending			6,334,369

SUPPLEMENTAL SCHEDULES

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Bonds of 2013
December 31, 2015**

Date of Issue	August 15, 2013
Date of Maturity	August 15, 2033
Authorized Issue	\$9,590,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2016	\$ 385,000	304,938	689,938	2016	152,469	2016	152,469
2017	395,000	297,238	692,238	2017	148,619	2017	148,619
2018	400,000	289,336	689,336	2018	144,668	2018	144,668
2019	410,000	281,338	691,338	2019	140,669	2019	140,669
2020	415,000	273,136	688,136	2020	136,568	2020	136,568
2021	425,000	263,800	688,800	2021	131,900	2021	131,900
2022	440,000	251,050	691,050	2022	125,525	2022	125,525
2023	455,000	237,850	692,850	2023	118,925	2023	118,925
2024	465,000	224,200	689,200	2024	112,100	2024	112,100
2025	485,000	205,600	690,600	2025	102,800	2025	102,800
2026	505,000	186,200	691,200	2026	93,100	2026	93,100
2027	525,000	166,000	691,000	2027	83,000	2027	83,000
2028	545,000	145,000	690,000	2028	72,500	2028	72,500
2029	565,000	123,200	688,200	2029	61,600	2029	61,600
2030	590,000	100,600	690,600	2030	50,300	2030	50,300
2031	615,000	77,000	692,000	2031	38,500	2031	38,500
2032	640,000	52,400	692,400	2032	26,200	2032	26,200
2033	670,000	18,909	688,909	2033	13,400	2033	5,509
	<u>8,930,000</u>	<u>3,497,795</u>	<u>12,427,795</u>		<u>1,752,843</u>		<u>1,744,952</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation (Alternate Revenue Source) Refunding Bonds of 2015A
December 31, 2015**

Date of Issue	October 21, 2015
Date of Maturity	December 1, 2030
Authorized Issue	\$3,225,000
Denomination of Bonds	\$5,000
Interest Rate	3.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2016	\$ 165,000	107,500	272,500	2016	59,125	2016	48,375
2017	180,000	91,800	271,800	2017	45,900	2017	45,900
2018	185,000	86,400	271,400	2018	43,200	2018	43,200
2019	190,000	80,850	270,850	2019	40,425	2019	40,425
2020	195,000	75,150	270,150	2020	37,575	2020	37,575
2021	200,000	69,300	269,300	2021	34,650	2021	34,650
2022	205,000	63,300	268,300	2022	31,650	2022	31,650
2023	215,000	57,150	272,150	2023	28,575	2023	28,575
2024	220,000	50,700	270,700	2024	25,350	2024	25,350
2025	225,000	44,100	269,100	2025	22,050	2025	22,050
2026	235,000	37,350	272,350	2026	18,675	2026	18,675
2027	240,000	30,300	270,300	2027	15,150	2027	15,150
2028	250,000	23,100	273,100	2028	11,550	2028	11,550
2029	255,000	15,600	270,600	2029	7,800	2029	7,800
2030	265,000	7,950	272,950	2030	3,975	2030	3,975
	<u>3,225,000</u>	<u>840,550</u>	<u>4,065,550</u>		<u>425,650</u>		<u>414,900</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2015B
December 31, 2015**

Date of Issue	October 21, 2015
Date of Maturity	December 1, 2018
Authorized Issue	\$1,155,000
Denomination of Bonds	\$5,000
Interest Rate	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2016	\$ 370,000	51,333	421,333	2016	28,233	2016	23,100
2017	385,000	31,400	416,400	2017	15,700	2017	15,700
2018	400,000	16,000	416,000	2018	8,000	2018	8,000
	<u>1,155,000</u>	<u>98,733</u>	<u>1,253,733</u>		<u>51,933</u>		<u>46,800</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**Taxable General Obligation Limited Bonds of 2015C
December 31, 2015**

Date of Issue	December 3, 2015
Date of Maturity	December 1, 2016
Authorized Issue	\$594,384
Denomination of Bonds	\$1
Interest Rate	0.95%
Interest Date	December 1
Principal Maturity Date	December 1
Payable at	Village of Kenilworth

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2016	\$ 594,384	5,615	599,999