

VILLAGE OF KENILWORTH,
ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

VILLAGE OF KENILWORTH, ILLINOIS

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INTRODUCTORY SECTION

VILLAGE OF KENILWORTH, ILLINOIS

**List of Principal Officials
December 31, 2016**

PRESIDENT

William E. Russell

BOARD OF TRUSTEES

Joseph Konen
Kevin Lennon
Scott Lien

Ann Potter
Peter Shadak
Alison Winslow

CLERK

James R. McClamroch, Jr.

VILLAGE ATTORNEY

Hart Passman

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

May 2, 2017

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, 2016, 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, 2016, 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, 2016

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, 2016. Please read it in conjunction with the Village's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Village's net position increased as a result of this year's operations. Net position of business-type activities increased by \$3,493,673, or 118.4 percent, and net position of the governmental activities decreased by \$910,991, or 32.0 percent.
- During the year, government-wide revenues for the primary government totaled \$9,064,835 while expenses totaled \$6,482,153 resulting in an increase to net position of \$2,582,682.
- The Village's net position totaled \$2,686,951 on December 31, 2016, which includes \$4,882,421 net investment in capital assets, \$956,983 subject to external restrictions, and (\$3,152,453) unrestricted net position.
- The Village's governmental funds for the year ending December 31, 2016 reported combined ending fund balances of \$7,224,322, which is a decrease of \$6,500,205, over last fiscal year's total of \$13,724,527. Of the \$7,224,322 total, \$4,095,565, or 56.7 percent of the fund balance constitutes unassigned fund balance.
- The General Fund reported a fund balance increase for the year ending December 31, 2016 of \$308,869 resulting in ending fund balance of \$4,327,101, an increase of 7.7 percent. This increase was due to an increase in property tax revenue and building permit revenue.

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, 2016

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, 2016

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, 2016

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, 2016

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 \$2,686,951.

	Net Position					
	Governmental		Business-type		Totals	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 13,785,440	18,662,446	281,588	132,895	14,067,028	18,795,341
Capital Assets	7,230,295	2,130,369	9,404,646	6,099,904	16,634,941	8,230,273
Deferred Outflows	1,567,110	2,098,508	95,158	-	1,662,268	2,098,508
Total Assets/Deferred Outflows	22,582,845	22,891,323	9,781,392	6,232,799	32,364,237	29,124,122
Long-Term Debt	17,970,000	19,380,563	3,104,323	3,070,933	21,074,323	22,451,496
Other Liabilities	3,593,969	1,927,650	228,581	211,622	3,822,550	2,139,272
Deferred Inflows	4,775,842	4,429,085	4,571	-	4,780,413	4,429,085
Total Liabilities/Deferred Inflows	26,339,811	25,737,298	3,337,475	3,282,555	29,677,286	29,019,853
Net Position						
Net Investment in						
Capital Assets	(1,462,225)	(207,454)	6,344,646	2,874,904	4,882,421	2,667,450
Restricted	956,983	1,013,362	-	-	956,983	1,013,362
Unrestricted (Deficit)	(3,251,724)	(3,651,883)	99,271	75,340	(3,152,453)	(3,576,543)
Total Net Position	(3,756,966)	(2,845,975)	6,443,917	2,950,244	2,686,951	104,269

A portion of the Village's net position, \$4,882,421, 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, \$956,983, 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 (\$3,152,453) 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, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental		Business-Type		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 1,415,677	1,145,794	1,024,223	993,210	2,439,900	2,139,004
Operating Grants/Contrib.	1,265,183	61,436	-	-	1,265,183	61,436
General Revenues						
Taxes						
Property	4,362,221	4,327,736	-	-	4,362,221	4,327,736
Replacement	33,653	37,979	-	-	33,653	37,979
State Income	244,625	267,391	-	-	244,625	267,391
State Sales	66,593	45,524	-	-	66,593	45,524
Utility	233,978	242,985	-	-	233,978	242,985
Other	74,289	69,153	-	-	74,289	69,153
Investment Income	65,963	31,443	556	158	66,519	31,601
Miscellaneous	277,874	96,036	-	29,056	277,874	125,092
Total Revenues	8,040,056	6,325,477	1,024,779	1,022,424	9,064,835	7,347,901
Expenses						
General Government	894,451	964,543	-	-	894,451	964,543
Public Works	317,215	398,612	-	-	317,215	398,612
Public Safety	3,184,830	3,937,999	-	-	3,184,830	3,937,999
Highways and Streets	626,560	1,076,435	-	-	626,560	1,076,435
Culture and Recreation	32,478	32,250	-	-	32,478	32,250
Interest on Long-Term Debt	352,058	333,052	-	-	352,058	333,052
Waterworks System	-	-	1,074,561	918,153	1,074,561	918,153
Total Expenses	5,407,592	6,742,891	1,074,561	918,153	6,482,153	7,661,044
Change in Net Position						
Before Transfers	2,632,464	(417,414)	(49,782)	104,271	2,582,682	(313,143)
Transfers	(3,543,455)	(16,806)	3,543,455	16,806	-	-
Change in Net Position	(910,991)	(434,220)	3,493,673	121,077	2,582,682	(313,143)
Net Position - Beginning	(2,845,975)	(2,411,755)	2,950,244	2,829,167	104,269	417,412
Net Position-Ending	(3,756,966)	(2,845,975)	6,443,917	2,950,244	2,686,951	104,269

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

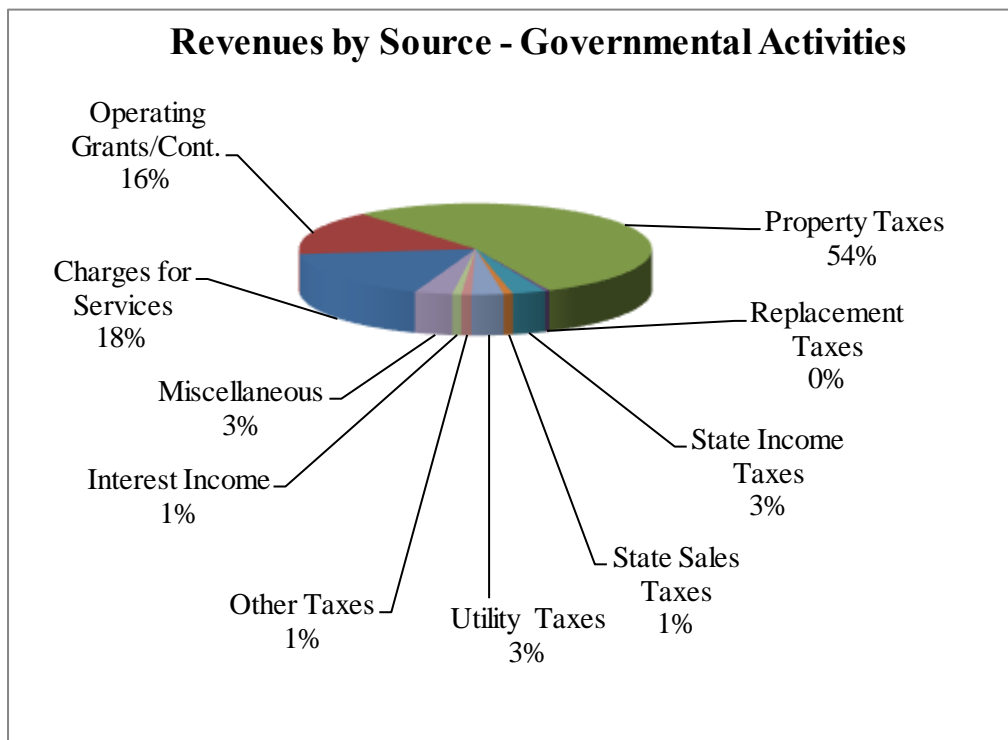
Net position of the Village's governmental activities decreased by 32.0 percent (a deficit of \$3,756,966 at December 31, 2016 compared to a deficit of \$2,845,975 at December 31, 2015). Unrestricted net position, the part of net position used to finance day-to-day operations without constraints, totaled a deficit of \$3,251,724 at December 31, 2016.

Net position of business-type activities increased by 118.4 percent (\$6,443,917 at December 31, 2016 compared to \$2,950,244 at December 31, 2015).

Governmental Activities

Revenues for governmental activities totaled \$8,040,056, while the cost of all governmental functions totaled \$5,407,592, resulting in a surplus of \$2,632,464, before transfers out of \$3,543,455, for the year ended December 31, 2016. The deficit in the current year relates to the Village gifting the construction of the booster pump station, 12" water main Kenilworth Ave extension, and the Robsart water connection vault to the Waterworks System Fund for the purpose of the Village's water interconnection with the Village of Wilmette.

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

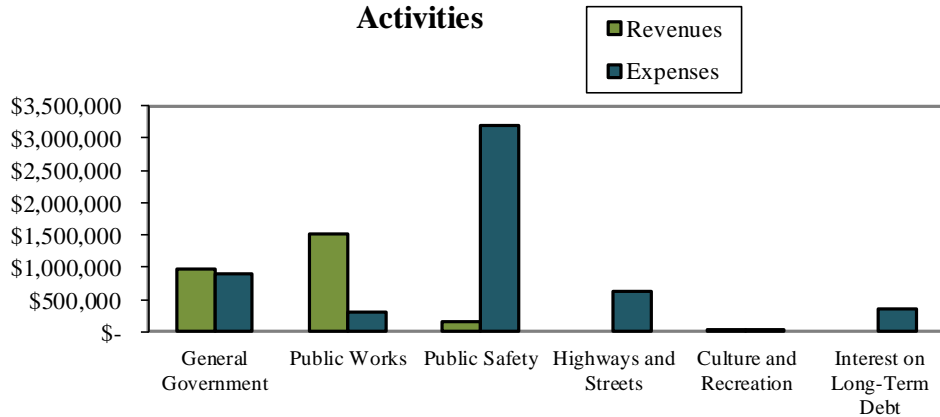
**Management’s Discussion and Analysis
December 31, 2016**

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

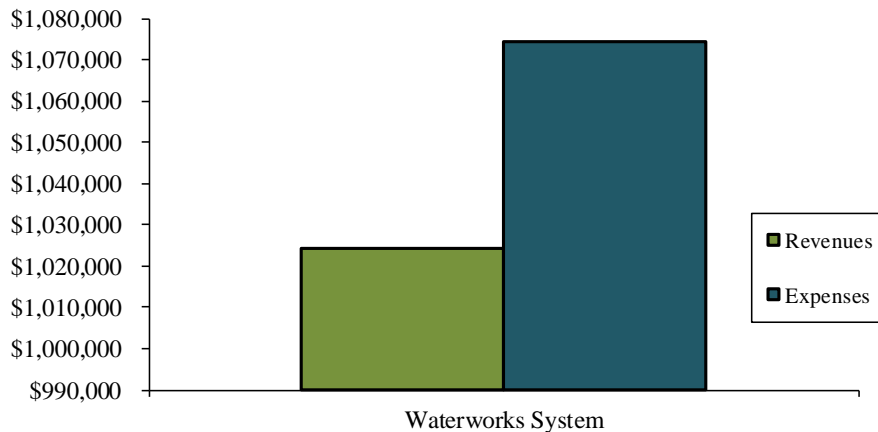


Business-Type activities

Business-Type activities for the year ended December 31, 2016, reported total revenues of \$1,024,779, while the cost of all business-type activities totaled \$1,074,561, resulting in a deficit of \$49,782, before transfers in of \$3,543,455. The deficit for the year is a result of the GASB requirement that a portion of the IMRF actuarially calculated expense is reported in the Waterworks System. The transfer in was from the Capital Projects Fund and is related to the construction of the 12” water main connection under Kenilworth Avenue to provide water system reliability.

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, 2016

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 \$7,224,322, which is a decrease of \$6,500,205, from last year's total of \$13,724,527. Of the \$7,224,322 total combined fund balances, \$4,095,565, or 56.7 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported fund balance for the year of \$4,327,101, an increase of 7.7 percent. The increase in fund balance is primarily due to an increase building permit revenue and a decrease in Public Works and Public Safety expenses.

The General Fund is the chief operating fund of the Village. At December 31, 2016, unassigned fund balance in the General Fund was \$4,095,565, which represents 94.6 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 98.5 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 state revenue uncertainties, police pension obligations and anticipated future capital improvement expenditures.

The Debt Service Fund reported an increase of \$20,575, or 5.5%. The fund balance of \$394,808 is restricted for future debt service payments.

During the fiscal year, a General Obligation Limited Bond was issued in the amount of \$594,273 and the proceeds were reported in the Capital Projects Fund, resulting in ending fund balance of \$212,434. Proceeds from the bond are earmarked for capital improvements and other lawful expenditures. During the current year \$419,686 was spent for capital improvements and other long-lived expenditures.

The Village implemented the 2023 Capital Infrastructure Improvement Program during fiscal year 2013, 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 \$5,010,997 was spent on capital outlay. This resulted in an ending fund balance of \$1,506,510. The balance of the fund is intended to be used over the next two years.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2016

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 \$25,536 due a slight increase in revenues. The Motor Fuel Tax Fund reported a decrease of \$96,101, as there was authorized Motor Fuel Tax expenditures for road work during the budgeted year. The E-911 Fund reported a decrease of \$3,508.

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 \$3,493,673. During the current year, the Waterworks System Fund incurred a \$49,782 deficit before the transfer in from the Capital Projects Fund. The deficit for the year is a result of the GASB requirement that a portion of the IMRF actuarially calculated expense is reported in the Waterworks System Fund. The transfer in was from the Capital Projects Fund for the construction of the 12" water transmission main under Kenilworth Avenue to improve system reliability.

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 \$4,726,372, compared to budgeted revenues of \$4,305,370. The primary difference between budgeted and actual revenues for the year ending December 31, 2016 was primarily due to licenses and permits coming in over budget due to an increase in building permits and during 2016.

The General Fund actual expenditures for the year were \$4,158,951, with budgeted expenditures of \$4,400,568. Total expenditures were under budget across all of the General Fund departments with general government, public works, public safety and highways and streets departments being 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, 2016 was \$13,398,450 (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, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Capital Assets – Continued

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land and Right of Way	\$ 169,931	169,931	38,648	38,648	208,579	208,579
Buildings and Improvements	1,220,185	1,278,674	9,182,195	5,861,156	10,402,380	7,381,976
Machinery and Equipment	293,827	382,407	183,803	200,100	477,630	596,210
Sanitary and Sewer System	3,236,491	299,357				
Streets	2,309,861	-	-	-	2,309,861	196,981
Totals	7,230,295	2,130,369	9,404,646	6,099,904	13,398,450	8,383,746

This year’s major additions included:

Sanitary and Sewer System	\$ 2,995,064
Streets	2,317,586
Building	<u>3,543,455</u>
	<u><u>8,856,105</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, 2016, the Village had total outstanding debt of \$13,117,273 as compared to \$15,115,826 the previous fiscal year ending on December 31, 2015, a decrease of 13.2 percent due to budgeted principal payments. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds - Net	\$ 10,057,273	10,820,384	3,060,000	3,225,000	13,117,273	15,115,826

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2016

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 \$22,636,972.

Additional information on the Village's long-term debt can be found in Note 3 on pages 37 - 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 2017 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 Village 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, 2016**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Net Position
December 31, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 8,197,725	81,045	8,278,770
Receivables - Net of Allowances			
Property Taxes	4,523,396	-	4,523,396
Accounts	903,579	200,522	1,104,101
Prepays	160,740	21	160,761
Total Current Assets	13,785,440	281,588	14,067,028
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	169,931	38,648	208,579
Depreciable Capital Assets	9,951,140	13,094,813	23,045,953
Accumulated Depreciation	(2,890,776)	(3,728,815)	(6,619,591)
Total Noncurrent Assets	7,230,295	9,404,646	16,634,941
Total Assets	21,015,735	9,686,234	30,701,969
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	317,583	95,158	412,741
Deferred Items - Police Pension	1,249,527	-	1,249,527
Total Deferred Outflows of Resources	1,567,110	95,158	1,662,268
Total Assets and Deferred Outflows of Resources	22,582,845	9,781,392	32,364,237

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	\$ 1,744,321	31,510	1,775,831
Accrued Interest	27,864	7,650	35,514
Deposits Payable	427,000	6,820	433,820
Current Portion of Long-Term Debt	1,394,784	182,601	1,577,385
Total Current Liabilities	3,593,969	228,581	3,822,550
Noncurrent Liabilities			
Compensated Absences Payable	82,043	10,404	92,447
Net Pension Liability - IMRF	713,943	213,919	927,862
Net Pension Liability - Police	8,491,014	-	8,491,014
General Obligation Bonds Payable - Net	8,683,000	2,880,000	11,563,000
Total Noncurrent Liabilities	17,970,000	3,104,323	21,074,323
Total Liabilities	21,563,969	3,332,904	24,896,873
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	4,389,797	-	4,389,797
Deferred Items - IMRF	15,254	4,571	19,825
Deferred Items - Police Pension	370,791	-	370,791
Total Deferred Inflows of Resources	4,775,842	4,571	4,780,413
Total Liabilities and Deferred Inflows of Resources	26,339,811	3,337,475	29,677,286
NET POSITION			
Net Investment in Capital Assets	(1,462,225)	6,344,646	4,882,421
Restricted - Debt Service	366,944	-	366,944
Restricted - Public Safety	224,788	-	224,788
Restricted - Highways and Streets	365,251	-	365,251
Unrestricted (Deficit)	(3,251,724)	99,271	(3,152,453)
Total Net Position	(3,756,966)	6,443,917	2,686,951

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, 2016

	Expenses	Program Revenues	
		Charges for Services	Operating Grants/ Contributions
Governmental Activities			
General Government	\$ 894,451	964,479	-
Public Works	317,215	255,427	1,263,983
Public Safety	3,184,830	159,211	1,200
Highways and Streets	626,560	-	-
Culture and Recreation	32,478	36,560	-
Interest on Long-Term Debt	352,058	-	-
Total Governmental Activities	<u>5,407,592</u>	<u>1,415,677</u>	<u>1,265,183</u>
Business-Type Activities			
Waterworks System	<u>1,074,561</u>	<u>1,024,223</u>	<u>-</u>
Total Primary Government	<u>6,482,153</u>	<u>2,439,900</u>	<u>1,265,183</u>

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
 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
70,028	-	70,028
1,202,195	-	1,202,195
(3,024,419)	-	(3,024,419)
(626,560)	-	(626,560)
4,082	-	4,082
(352,058)	-	(352,058)
(2,726,732)	-	(2,726,732)
-	(50,338)	(50,338)
(2,726,732)	(50,338)	(2,777,070)
4,362,221	-	4,362,221
33,653	-	33,653
244,625	-	244,625
66,593	-	66,593
233,978	-	233,978
74,289	-	74,289
65,963	556	66,519
277,874	-	277,874
(3,543,455)	3,543,455	-
1,815,741	3,544,011	5,359,752
(910,991)	3,493,673	2,582,682
(2,845,975)	2,950,244	104,269
(3,756,966)	6,443,917	2,686,951

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

VILLAGE OF KENILWORTH, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2016**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 4,434,231
Receivables - Net of Allowances	
Property Taxes	2,832,834
Accounts	123,167
Due from Other Governments	184
Prepays	<u>160,740</u>
Total Assets	<u><u>7,551,156</u></u>
LIABILITIES	
Accounts Payable	87,391
Deposits Payable	427,000
Due to Other Funds	<u>10,429</u>
Total Liabilities	524,820
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>2,699,235</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>3,224,055</u></u>
FUND BALANCE	
Nonspendable	160,740
Restricted	64,093
Committed	6,703
Assigned	-
Unassigned	<u>4,095,565</u>
Total Fund Balances	<u><u>4,327,101</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u><u>7,551,156</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		
393,031	823,241	1,664,859	882,363	8,197,725
1,690,562	-	-	-	4,523,396
1,777	3,818	687,832	86,801	903,395
-	-	-	-	184
-	-	-	-	160,740
<u>2,085,370</u>	<u>827,059</u>	<u>2,352,691</u>	<u>969,164</u>	<u>13,785,440</u>
-	614,625	846,181	185,695	1,733,892
-	-	-	-	427,000
-	-	-	-	10,429
-	614,625	846,181	185,695	2,171,321
1,690,562	-	-	-	4,389,797
<u>1,690,562</u>	<u>614,625</u>	<u>846,181</u>	<u>185,695</u>	<u>6,561,118</u>
-	-	-	-	160,740
394,808	-	-	525,946	984,847
-	-	-	257,523	264,226
-	212,434	1,506,510	-	1,718,944
-	-	-	-	4,095,565
<u>394,808</u>	<u>212,434</u>	<u>1,506,510</u>	<u>783,469</u>	<u>7,224,322</u>
<u>2,085,370</u>	<u>827,059</u>	<u>2,352,691</u>	<u>969,164</u>	<u>13,785,440</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, 2016

Total Governmental Fund Balances	\$ 7,224,322
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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.	7,230,295
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Deferred outflows (inflows) of resources related to the pensions not
reported in the funds.

Deferred Items - IMRF	302,329
Deferred Items - Police Pension	878,736

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

Compensated Absences Payable	(102,554)
Net Pension Liability - IMRF	(713,943)
Net Pension Liability - Police	(8,491,014)
General Obligation Bonds Payable - Net	(10,057,273)
Accrued Interest Payable	<u>(27,864)</u>

Net Position of Governmental Activities	<u><u>(3,756,966)</u></u>
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VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2016**

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, 2016

	<u>General</u>
Revenues	
Taxes	\$ 3,287,319
Intergovernmental	1,200
Charges for Services	388,902
Licenses and Permits	823,389
Fines and Forfeitures	37,319
Interest Income	33,302
Miscellaneous	154,941
Total Revenues	<u>4,726,372</u>
Expenditures	
Current	
General Government	885,122
Public Works	165,673
Public Safety	2,726,007
Highways and Streets	331,492
Culture and Recreation	32,334
Capital Outlay	18,323
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>4,158,951</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>567,421</u>
Other Financing Sources (Uses)	
Debt Issuance	-
Transfers In	66,666
Transfers Out	(325,218)
	<u>(258,552)</u>
Net Change in Fund Balances	308,869
Fund Balances - Beginning	<u>4,018,232</u>
Fund Balances - Ending	<u><u>4,327,101</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		
1,728,040	-	-	-	5,015,359
-	-	1,200,000	63,983	1,265,183
-	-	-	166,067	554,969
-	-	-	-	823,389
-	-	-	-	37,319
4,755	4,489	18,417	5,000	65,963
-	-	80,165	42,768	277,874
1,732,795	4,489	1,298,582	277,818	8,040,056
-	-	-	-	885,122
-	-	-	19,840	185,513
-	-	-	83,414	2,809,421
-	-	-	162,704	494,196
-	-	-	-	32,334
-	419,686	5,010,997	19,267	5,468,273
1,349,384	-	-	-	1,349,384
362,836	4,000	-	-	366,836
1,712,220	423,686	5,010,997	285,225	11,591,079
20,575	(419,197)	(3,712,415)	(7,407)	(3,551,023)
-	594,273	-	-	594,273
-	325,218	-	-	391,884
-	(786,472)	(2,756,983)	(66,666)	(3,935,339)
-	133,019	(2,756,983)	(66,666)	(2,949,182)
20,575	(286,178)	(6,469,398)	(74,073)	(6,500,205)
374,233	498,612	7,975,908	857,542	13,724,527
394,808	212,434	1,506,510	783,469	7,224,322

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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (6,500,205)

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	5,312,650
Depreciation Expense	(212,724)

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

Change in Deferred Items - IMRF	(270,235)
Change in Deferred Items - Police Pension	(634,077)

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.

Decrease in Compensated Absences Payable	5,743
Decrease to Net Pension Liability - IMRF	302,554
Decrease to Net Pension Liability - Police Pension	315,414
Issuance of Debt	(594,273)
Retirement of Debt	1,349,384
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.

6,778

Changes in Net Position of Governmental Activities

(910,991)

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, 2016**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2016**

	<u>Business-Type Activities Waterworks System</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 81,045
Receivables - Net of Allowances	
Accounts - Billed	96,424
Accounts - Unbilled	104,098
Prepays	<u>21</u>
Total Current Assets	<u>281,588</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	38,648
Depreciable Capital Assets	13,094,813
Accumulated Depreciation	<u>(3,728,815)</u>
Total Noncurrent Assets	<u>9,404,646</u>
Total Assets	9,686,234
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>95,158</u>
Total Assets and Deferred Outflows of Resources	<u>9,781,392</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	\$ 31,510
Accrued Interest	7,650
Deposits Payable	6,820
Compensated Absences Payable	2,601
General Obligation Bonds Payable	180,000
Total Current Liabilities	<u>228,581</u>
Noncurrent Liabilities	
Compensated Absences Payable	10,404
Net Pension Liability - IMRF	213,919
General Obligation Bonds Payable	2,880,000
Total Noncurrent Liabilities	<u>3,104,323</u>
Total Liabilities	3,332,904
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>4,571</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,337,475</u>
NET POSITION	
Net Investment in Capital Assets	6,344,646
Unrestricted	<u>99,271</u>
Total Net Position	<u><u>6,443,917</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, 2016**

	<u>Business-Type Activities Waterworks System</u>
Operating Revenues	
Charges for Services	\$ 1,009,742
Miscellaneous	14,481
Total Operating Revenues	<u>1,024,223</u>
Operating Expenses	
Operations	739,018
Depreciation and Amortization	238,712
Total Operating Expenses	<u>977,730</u>
Operating Income	<u>46,493</u>
Nonoperating Revenues (Expenses)	
Interest Income	556
Interest and Fiscal Charges	(96,831)
	<u>(96,275)</u>
Income Before Transfers	(49,782)
Transfers In	<u>3,543,455</u>
Change in Net Position	3,493,673
Net Position - Beginning	<u>2,950,244</u>
Net Position - Ending	<u><u>6,443,917</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, 2016**

	Business-Type Activities <u>Waterworks System</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 1,022,062
Payments to Employees	(245,846)
Payments to Suppliers	(471,288)
	<u>304,928</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(3,543,455)
Interest on Capital Debt	(96,831)
Principal on Capital Debt	(165,000)
	<u>(3,805,286)</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	<u>3,543,455</u>
Cash Flows from Investing Activities	
Interest Received	<u>556</u>
Net Change in Cash and Cash Equivalents	43,653
Cash and Cash Equivalents - Beginning	<u>37,392</u>
Cash and Cash Equivalents - Ending	<u><u>81,045</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	46,493
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	238,712
Other Expenses - IMRF	123,332
(Increase) Decrease in Current Assets	(2,161)
Increase (Decrease) in Current Liabilities	(101,448)
	<u>(101,448)</u>
Net Cash Provided by Operating Activities	<u><u>304,928</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, 2016**

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 790,943
Investments	
U.S. Treasuries	1,191,425
U.S. Agencies	553,210
State and Local Obligations	1,245,482
Mutual Funds	2,873,990
Receivables	
Accrued Interest	14,877
Accounts	602
Due from Other Funds	<u>10,429</u>
Total Assets	6,680,958
LIABILITIES	
Accounts Payable	<u>673</u>
NET POSITION	
Net Position Restricted for Pensions	<u><u>6,680,285</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, 2016**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 705,080
Contributions - Employee	81,078
Contributions - Other	900
Total Contributions	<u>787,058</u>
Investment Income	
Interest Income	163,703
Net Change in Fair Value	89,783
	<u>253,486</u>
Less Investment Expenses	(23,187)
Net Investment Income	<u>230,299</u>
Total Additions	<u>1,017,357</u>
Deductions	
Administration	9,702
Benefits and Refunds	661,739
	<u>671,441</u>
Change in Fiduciary Net Position	345,916
Net Position Restricted for Pensions	
Beginning	<u>6,334,369</u>
Ending	<u><u>6,680,285</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, 2016

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
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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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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.

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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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.

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.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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 Improvements	10 - 50 Years
Building	40 - 50 Years
Machinery and Equipment	7 - 10 Years
Sanitary and Sewer System	40 - 50 Years
Streets	40 - 50 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 of resources (expense)/inflow of resources (revenue) until that future time.

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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.”

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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

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.

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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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 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 OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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 \$7,684,392 and the bank balances totaled \$7,737,444.

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	\$ 105	105	-	-	-
State and Local Obligations	594,273	594,273	-	-	-
	594,378	594,378	-	-	-

The Village has the following recurring fair value measurements as of December 31, 2016:

- State and Local Obligations of \$594,273 are valued using a matric pricing model (Level 2 inputs)

The Village has the following investments measured at the net asset value as of December 31, 2016:

- Illinois Funds of \$105

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 State and Local Obligations are unrated.

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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2016

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.

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 \$790,916 and the bank balances totaled \$791,084.

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. Treasuries	\$ 1,191,425	300,037	891,388	-	-
U.S. Agencies	553,210	-	-	242,589	310,621
State and Local Obligations	1,245,482	460,111	785,371	-	-
Illinois Funds	27	27	-	-	-
	2,990,144	760,175	1,676,759	242,589	310,621

The Fund has the following recurring fair value measurements as of December 31, 2016:

- U.S. Treasury Securities of \$1,191,425 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency Securities of \$553,210 are valued using quoted market prices (Level 1 inputs)
- State and Local Obligations of \$1,245,482 are valued using a matrix pricing model (Level 1 inputs)
- Mutual Funds of \$2,873,990 are valued using a matrix pricing model (Level 2 inputs)

The Fund has the following investments measured at the net asset value as of December 31, 2016:

- Illinois Funds of \$27

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2016

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. 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.

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. Ratings for the State and Local Obligations are not available.

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 \$2,873,990 invested in mutual funds. At year-end, the Fund had no investments over 5 percent of the total cash and investment portfolio.

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, 2016

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%	7.36% - 7.67%
Equity	40.00%	11.07% - 11.35%
Cash and Cash Equivalents	2.00%	4.67% - 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 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, 2016 are listed in the table above.

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.13%. 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 2015 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, 2016**

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	1,089,227	-	-	1,089,227
Sanitary and Sewer System	1,530,129	2,995,064	-	4,525,193
Streets	-	2,317,586	-	2,317,586
	<u>4,638,490</u>	<u>5,312,650</u>	-	<u>9,951,140</u>
Less Accumulated Depreciation				
Buildings and Improvements	740,460	58,489	-	798,949
Machinery and Equipment	706,820	88,580	-	795,400
Sanitary and Sewer System	1,230,772	57,930	-	1,288,702
Streets	-	7,725	-	7,725
	<u>2,678,052</u>	<u>212,724</u>	-	<u>2,890,776</u>
Total Net Depreciable Capital Assets	<u>1,960,438</u>	<u>5,099,926</u>	-	<u>7,060,364</u>
Total Net Capital Assets	<u>2,130,369</u>	<u>5,099,926</u>	-	<u>7,230,295</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 25,325
Public Works	131,702
Public Safety	<u>55,697</u>
	<u>212,724</u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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	9,160,880	3,543,455	-	12,704,335
Machinery and Equipment	390,479	-	-	390,479
	<u>9,551,359</u>	<u>3,543,455</u>	<u>-</u>	<u>13,094,814</u>
Less Accumulated Depreciation				
Building	3,299,724	222,416	-	3,522,140
Machinery and Equipment	190,379	16,297	-	206,676
	<u>3,490,103</u>	<u>238,713</u>	<u>-</u>	<u>3,728,816</u>
Total Net Depreciable Capital Assets	<u>6,061,256</u>	<u>3,304,742</u>	<u>-</u>	<u>9,365,998</u>
Total Net Capital Assets	<u><u>6,099,904</u></u>	<u><u>3,304,742</u></u>	<u><u>-</u></u>	<u><u>9,404,646</u></u>

Depreciation expense was charged to business-type as follows:

Waterworks System	<u><u>\$ 238,713</u></u>
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VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

Interfund Balances

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

Receivable Fund	Payable Fund	Amount
Police Pension	General	\$ 10,429

Interfund balances are advances in anticipation of receipts.

Interfund Transfers

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental	\$ 66,666 (1)
Capital Projects	General	325,218 (2)
Waterworks System	Capital Projects	786,472 (1)
Waterworks System	2023 Capital Infrastructure Improvement	<u>2,756,983 (1)</u>
		<u><u>3,935,339</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.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

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 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	8,930,000	-	385,000	8,545,000
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	-	165,000	3,060,000
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	-	370,000	785,000
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	-
Taxable General Obligation Limited Bonds of 2016 - Due in one installment of \$594,273 plus interest at 0.98% on December 1, 2017.	Capital Projects	-	594,273	-	594,273
		13,904,384	594,273	1,514,384	12,984,273

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 108,297	5,743	11,486	102,554	20,511
Net Pension Liability					
IMRF	1,016,497	-	302,554	713,943	-
Police	8,806,428	-	315,414	8,491,014	-
General Obligation Bonds	10,679,384	594,273	1,349,384	9,924,273	1,374,273
Plus: Unamortized Bond Premium	141,000	-	8,000	133,000	-
	<u>20,751,606</u>	<u>600,016</u>	<u>1,986,838</u>	<u>19,364,784</u>	<u>1,394,784</u>
Business-Type Activities					
Compensated Absences	13,666	661	1,322	13,005	2,601
Net Pension Liability					
IMRF	-	213,919	-	213,919	-
General Obligation Bonds	3,225,000	-	165,000	3,060,000	180,000
	<u>3,238,666</u>	<u>214,580</u>	<u>166,322</u>	<u>3,286,924</u>	<u>182,601</u>

For governmental activities, the compensated absences and the net pension liabilities 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, the compensated absences, the net pension liability and the general obligations bonds are liquidated by the Waterworks System Fund.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements
December 31, 2016

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
2017	\$ 1,374,273	334,364	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>9,924,273</u>	<u>3,245,983</u>	<u>3,060,000</u>	<u>733,050</u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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 - 2015	<u>\$ 262,457,645</u>
Bonded Debt Limit - 8.625% of Assessed Value	22,636,972
Amount of Debt Applicable to Limit	<u>12,984,273</u>
Legal Debt Margin	<u><u>9,652,699</u></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, 2016**

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	\$ 160,740	-	-	-	-	160,740
Restricted						
Public Safety	64,093	-	-	-	160,695	224,788
Debt Service	-	394,808	-	-	-	394,808
Highways and Streets	-	-	-	-	365,251	365,251
	64,093	394,808	-	-	525,946	984,847
Committed						
Tree Replacement	6,703	-	-	-	-	6,703
Sewer Service	-	-	-	-	257,523	257,523
	6,703	-	-	-	257,523	264,226
Assigned						
Capital Projects	-	-	212,434	1,506,510	-	1,718,944
Unassigned	4,095,565	-	-	-	-	4,095,565
Total Fund Balances	4,327,101	394,808	212,434	1,506,510	783,469	7,224,322

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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	\$ 7,230,295
Plus: Unspent Bond Proceeds	1,364,753
Less Capital Related Debt:	
General Obligation Bonds of 2013 - Net	(8,678,000)
General Obligation Refunding Bonds of 2015B	(785,000)
Taxable General Obligation Limited Bonds of 2016	<u>(594,273)</u>
Net Investment in Capital Assets	<u><u>(1,462,225)</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	9,404,646
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2015A	<u>(3,060,000)</u>
Net Investment in Capital Assets	<u><u>6,344,646</u></u>

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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Risk Management Agency (IRMA) – Continued

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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

North Suburban Employee's Benefit Cooperative (NSEBC)

The Village participates in the North Suburban Employee's Benefit Cooperative (NSEBC), an agency of governmental entities created to finance and administer medical and dental care benefits to employees of its member organizations. Each municipality appoints one representative to serve on the Board of Directors. The Board determines the general policies, which includes approval of the annual budget. Members are contractually obligated to make all monthly payments and to fund any deficit upon dissolution of the pool. They will share in any surplus of the pool based on a decision by the Board. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years. Additionally, the Village had no formal employees for which the Village was providing an explicit subsidy as of December 31, 2016.

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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

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

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.

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 \$4,446 to SWANCC for the year ended December 31, 2016, which is recorded in the Village's General Fund.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2016

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 Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police Pension Plan) hired in positions that meet 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. Eligible 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, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Eligible 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, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	17
Inactive Plan Members Entitled to but not yet Receiving Benefits	16
Active Plan Members	<u>11</u>
Total	<u><u>44</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 2016 was 13.64% of covered payroll.

Net Pension Liability. The Village’s net pension liability was measured as of December 31, 2016. 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, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
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 2012). IMRF specific rates were developed from the RP-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 2012). 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 2012). 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, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, 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.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 1,816,843	927,862	183,345

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (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, 2015	\$ 7,502,286	6,485,789	1,016,497
Changes for the Year:			
Service Cost	106,764	-	106,764
Interest on the Total Pension Liability	546,105	-	546,105
Difference Between Expected and Actual Experience of the Total Pension Liability	26,778	-	26,778
Changes of Assumptions	(24,894)	-	(24,894)
Contributions - Employer	-	130,995	(130,995)
Contributions - Employees	-	43,217	(43,217)
Net Investment Income	-	440,195	(440,195)
Benefit Payments, including Refunds of Employee Contributions	(490,052)	(490,052)	-
Other (Net Transfer)	-	128,981	(128,981)
Net Changes	164,701	253,336	(88,635)
Balances at December 31, 2016	7,666,987	6,739,125	927,862

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended December 31, 2016, the Village recognized pension expense of \$222,008. At December 31, 2016, the Village reported deferred outflows of 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	\$ 51,319	(2,395)	48,924
Change in Assumptions	22,693	(17,430)	5,263
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	338,729	-	338,729
Total Deferred Amounts Related to IMRF	<u>412,741</u>	<u>(19,825)</u>	<u>392,916</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
2017	\$ 161,719
2018	124,579
2019	98,770
2020	7,848
2021	-
Thereafter	<u>-</u>
Total	<u>392,916</u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, 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, 2016

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, 2016, the Village's contribution was 86.29% of covered payroll.

Concentrations. At year-end, the Pension Plan does not have any investments over 5 percent (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.00%
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 an independent actuary 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 6.00%, 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, 2016**

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 (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability	\$ 10,749,417	8,491,014	6,659,935

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 15,140,797	6,334,369	8,806,428
Changes for the Year:			
Service Cost	281,164	-	281,164
Interest on the Total Pension Liability	905,465	-	905,465
Difference Between Expected and Actual Experience of the Total Pension Liability	(165,716)	-	(165,716)
Changes of Assumptions	(328,672)	-	(328,672)
Contributions - Employer	-	705,980	(705,980)
Contributions - Employees	-	81,078	(81,078)
Net Investment Income	-	230,299	(230,299)
Benefit Payments, including Refunds of Employee Contributions	(661,739)	(661,739)	-
Other (Net Transfer)	-	(9,702)	9,702
Net Changes	30,502	345,916	(315,414)
Balances at December 31, 2016	15,171,299	6,680,285	8,491,014

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016, the Village recognized pension expense of \$1,024,643. At December 31, 2016, the Village reported deferred outflows of 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	\$ 88,856	(124,287)	(35,431)
Change in Assumptions	800,271	(246,504)	553,767
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	360,400	-	360,400
Total Deferred Amounts Related to Police Pension	<u>1,249,527</u>	<u>(370,791)</u>	<u>878,736</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	\$ 292,919
2017	292,919
2018	262,252
2019	30,646
2020	-
Thereafter	-
Total	<u>878,736</u>

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Village offers certain health care insurance benefits for retired employees. In accordance with the personnel policy substantially all of the Village's employees working greater than 30 hours a week may become eligible for those benefits if they reach normal retirement age while working for the Village. The retirees pay 100 percent of the annual premium for health insurance. The Village's health insurance provider, North Suburban Employee Benefit Cooperative utilizes community based rates, which adjust for the demographics of the Village's pool of participants, including age, etc. Therefore, 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*. Additionally, the Village had no former employees for which the Village was providing an explicit subsidy as of December 31, 2016.

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, 2016

Calendar 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%
2016	130,995	130,995	-	960,374	13.64%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Employer Contributions

December 31, 2016

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%
2016	623,421	705,980	82,559	818,112	86.29%

Notes to the Required Supplementary Information:

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	6.00%
Retirement Age	50-70
Mortality	Independent actuary 2016 Illinois Police Mortality Rates

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF KENILWORTH, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2016**

	2015	2016
Total Pension Liability		
Service Cost	\$ 108,893	106,764
Interest	525,468	546,105
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	83,440	26,778
Change of Assumptions	8,517	(24,894)
Benefit Payments, Including Refunds of Member Contributions	(389,108)	(490,052)
Net Change in Total Pension Liability	337,210	164,701
Total Pension Liability - Beginning	7,165,076	7,502,286
Total Pension Liability - Ending	7,502,286	7,666,987
Plan Fiduciary Net Position		
Contributions - Employer	\$ 131,241	130,995
Contributions - Members	44,809	43,217
Net Investment Income	31,947	440,195
Benefit Payments, Including Refunds of Member Contributions	(389,108)	(490,052)
Administrative Expense	171,024	128,981
Net Change in Plan Fiduciary Net Position	(10,087)	253,336
Plan Net Position - Beginning	6,495,876	6,485,789
Plan Net Position - Ending	6,485,789	6,739,125
Employer's Net Pension Liability	\$ 1,016,497	927,862
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	87.90%
Covered-Employee Payroll	\$ 995,754	960,374
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	102.08%	96.61%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2016**

	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 214,682	222,015	281,164
Interest	738,778	777,621	905,465
Differences Between Expected and Actual Experience	521,142	150,138	(165,716)
Change of Assumptions	810,192	1,352,185	(328,672)
Benefit Payments, Including Refunds of Member Contributions	(737,524)	(643,012)	(661,739)
Net Change in Total Pension Liability	1,547,270	1,858,947	30,502
Total Pension Liability - Beginning	11,734,580	13,281,850	15,140,797
Total Pension Liability - Ending	13,281,850	15,140,797	15,171,299
Plan Fiduciary Net Position			
Contributions - Employer	\$ 355,989	800,144	705,980
Contributions - Members	123,705	79,967	81,078
Net Investment Income	238,390	(21,806)	230,299
Benefit Payments, Including Refunds of Member Contributions	(737,524)	(643,012)	(661,739)
Administrative Expense	(6,514)	(9,940)	(9,702)
Net Change in Plan Fiduciary Net Position	(25,954)	205,353	345,916
Plan Net Position - Beginning	6,154,970	6,129,016	6,334,369
Plan Net Position - Ending	6,129,016	6,334,369	6,680,285
Employer's Net Pension Liability	\$ 7,152,834	8,806,428	8,491,014
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.15%	41.84%	44.03%
Covered-Employee Payroll	\$ 795,925	866,420	818,112
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	898.68%	1016.42%	1037.88%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Investment Returns

December 31, 2016

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	4.24%
2015	(0.03%)
2016	4.13%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 3,340,230	3,340,230	3,287,319
Intergovernmental	690	690	1,200
Charges for Services	367,250	367,250	388,902
Licenses and Permits	473,950	473,950	823,389
Fines and Forfeitures	34,000	34,000	37,319
Interest Income	5,750	5,750	33,302
Miscellaneous	83,500	83,500	154,941
Total Revenues	<u>4,305,370</u>	<u>4,305,370</u>	<u>4,726,372</u>
Expenditures			
Current			
General Government	827,134	938,884	885,122
Public Works	286,916	224,016	165,673
Public Safety	2,665,057	2,790,949	2,726,007
Highways and Streets	458,894	385,344	331,492
Culture and Recreation	35,400	35,400	32,334
Capital Outlay	25,375	25,975	18,323
Total Expenditures	<u>4,298,776</u>	<u>4,400,568</u>	<u>4,158,951</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,594</u>	<u>(95,198)</u>	<u>567,421</u>
Other Financing Sources (Uses)			
Transfers In	69,343	69,343	66,666
Transfers Out	-	(325,218)	(325,218)
	<u>69,343</u>	<u>(255,875)</u>	<u>(258,552)</u>
Net Change in Fund Balance	<u><u>75,937</u></u>	<u><u>(351,073)</u></u>	308,869
Fund Balance - Beginning			<u>4,018,232</u>
Fund Balance - Ending			<u><u>4,327,101</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, 2016**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 2,737,630	2,737,630	2,634,181
Other Taxes			
Replacement Taxes	34,000	34,000	33,653
State Sales Taxes	43,000	43,000	66,593
State Income Taxes	240,000	240,000	244,625
Local Use Tax	40,000	40,000	59,772
Utility Tax	232,000	232,000	233,978
Vehicle Tax	1,600	1,600	1,352
Miscellaneous Tax	12,000	12,000	13,165
	602,600	602,600	653,138
Total Taxes	3,340,230	3,340,230	3,287,319
Intergovernmental			
Federal/State Grants	690	690	1,200
Charges for Services			
Ambulance User Fees	19,000	19,000	37,487
Elevator User Fees	450	450	672
Beach Fees	33,000	33,000	36,560
Fire and Burglar Alarm Fees	9,000	9,000	9,965
Yard Waste Stickers	11,000	11,000	11,382
Special Duty Detail	4,000	4,000	4,830
Waste Collections	154,500	154,500	147,588
Antenna Lease Fee	123,600	123,600	127,945
Kenilworth Park District Fees	9,000	9,000	10,021
Miscellaneous Fees	3,700	3,700	2,452
Total Charges for Services	367,250	367,250	388,902
Licenses and Permits			
Licenses			
Vehicle License	128,000	128,000	124,187
Animal License	1,600	1,600	2,430
	129,600	129,600	126,617

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Licenses and Permits - Continued			
Permits			
Building	\$ 280,000	280,000	582,139
Parking	34,000	34,000	47,517
Tree Permits	500	500	2,600
Filing Fees	3,850	3,850	5,150
Zoning Review	6,000	6,000	9,290
Plan Review	20,000	20,000	50,076
	<u>344,350</u>	<u>344,350</u>	<u>696,772</u>
Total Licenses and Permits	<u>473,950</u>	<u>473,950</u>	<u>823,389</u>
Fines and Forfeitures			
Circuit Court Fees	3,000	3,000	2,429
DUI Fines	1,000	1,000	350
Village Ordinance Fines	30,000	30,000	34,540
	<u>34,000</u>	<u>34,000</u>	<u>37,319</u>
Total Fines and Forfeitures	<u>34,000</u>	<u>34,000</u>	<u>37,319</u>
Interest Income	<u>5,750</u>	<u>5,750</u>	<u>33,302</u>
Miscellaneous			
Cable Television Franchise Fees	46,000	46,000	53,398
IRMA Insurance Proceeds	15,000	15,000	75,816
Other Income	22,500	22,500	25,727
	<u>83,500</u>	<u>83,500</u>	<u>154,941</u>
Total Miscellaneous	<u>83,500</u>	<u>83,500</u>	<u>154,941</u>
Total Revenues	<u>4,305,370</u>	<u>4,305,370</u>	<u>4,726,372</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Personnel			
Salaries			
Regular	\$ 283,949	287,949	288,333
Merit - Vacation Buy Back	3,000	26,500	32,291
Employee Benefits			
Medical	29,980	29,980	28,579
Dental	2,820	2,820	2,675
Life	802	802	791
Other Benefits	60,497	65,597	65,071
	<u>381,048</u>	<u>413,648</u>	<u>417,740</u>
Contractual Services			
Auditing	18,000	18,000	18,000
J.U.L.I.E. Fees	1,400	1,400	1,171
Plan Review and Inspections	43,240	59,840	58,443
Printing and Publishing	5,500	5,500	5,608
Telephone	2,600	2,600	3,160
Cell Phone	900	900	945
Miscellaneous	2,365	2,365	2,299
Professional Fees	113,960	60,960	59,388
Postage	4,200	4,200	2,223
Dues, Memberships and Subscriptions	9,706	9,706	9,302
Repair and Maintenance - Computer Equipment	500	500	100
Repair and Maintenance - Vehicles/Equipment	215	215	-
	<u>202,586</u>	<u>166,186</u>	<u>160,639</u>
Commodities			
Office Supplies	3,000	3,000	1,827
Other Supplies	1,500	1,500	853
	<u>4,500</u>	<u>4,500</u>	<u>2,680</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Other Expenditures			
Fuel	\$ 150	150	-
Recruitment and Training	700	700	106
Miscellaneous	5,050	5,050	1,623
Uncollectible Accounts	500	500	17
Auto Allowance	4,800	4,800	4,800
	<u>11,200</u>	<u>11,200</u>	<u>6,546</u>
Total Administrative	599,334	595,534	587,605
Support Services			
Insurance - Liability and Workers' Compensation	136,000	129,050	128,921
Village Attorney	83,500	206,000	162,536
Village Prosecutor	5,000	5,000	3,990
Maintenance of Office Equipment	1,500	1,500	422
Internet Service	1,800	1,800	1,648
	<u>227,800</u>	<u>343,350</u>	<u>297,517</u>
Total Support Services	827,134	938,884	885,122
Total General Government			
Public Works			
Building and Grounds			
Personnel			
Salaries			
Maintenance	16,592	13,092	11,854
Overtime	1,300	1,300	1,356
Merit - Vacation Buy Back	175	175	750
Employee Benefits			
Medical	3,461	3,461	2,667
Dental	201	201	258
Other Benefits	3,752	3,752	2,940
	<u>25,481</u>	<u>21,981</u>	<u>19,825</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Building and Grounds - Continued			
Contractual Services			
Outside Maintenance	\$ 22,000	22,000	21,378
Commodities			
Building Repairs - Village Hall	13,000	5,000	1,866
Building Repairs - Public Works	5,000	2,500	1,351
Janitorial Supplies	2,500	2,500	832
Maintenance and Other Supplies	2,000	2,000	1,453
Heating, Electric and Water Utilities	3,250	3,250	1,416
	25,750	15,250	6,918
Total Building and Grounds	73,231	59,231	48,121
Waste Removal			
Personnel			
Salaries			
Regular	45,897	45,897	44,282
Merit - Vacation Buy Back	610	5,710	4,690
Employee Benefits			
Medical	6,191	6,191	4,091
Dental	580	580	386
Other Benefits	9,688	9,688	9,976
	62,966	68,066	63,425
Contractual Services			
Waste Dumping	93,144	43,144	4,446
Leaf Pickup	14,500	14,500	14,220
	107,644	57,644	18,666
Total Waste Removal	170,610	125,710	82,091

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Forestry			
Contractual Services			
Professional Services	\$ 500	500	-
Dues & Subscriptions	575	575	-
Tree Planting Program	10,000	6,000	5,966
Tree Removal and Trimming	30,000	30,000	28,787
	<u>41,075</u>	<u>37,075</u>	<u>34,753</u>
Commodities			
Maintenance & Construction Supplies	2,000	2,000	708
	<u>2,000</u>	<u>2,000</u>	<u>708</u>
Total Forestry	<u>43,075</u>	<u>39,075</u>	<u>35,461</u>
Total Public Works	<u>286,916</u>	<u>224,016</u>	<u>165,673</u>
Public Safety			
Police Department			
Personnel			
Salaries			
Regular	1,000,597	991,097	990,183
Police Pension Contributions	554,329	723,421	705,080
Overtime	60,000	60,000	58,045
Merit - Vacation Buy Back	5,000	5,000	2,740
Part-Time	148,440	148,440	129,245
Employee Benefits			
Medical	149,790	140,290	139,755
Dental	7,709	13,509	13,338
Life	1,884	1,884	1,865
Other Benefits	66,838	66,838	64,987
	<u>1,994,587</u>	<u>2,150,479</u>	<u>2,105,238</u>
Contractual Services			
Maintenance - Office Equipment	460	460	428
Printing and Publishing	1,500	1,500	292
Telephone	3,500	3,500	2,800
Cell Phone	3,500	3,500	3,552
Outside Maintenance Service	1,000	1,000	600
Criminal Justice Connectivity	5,700	5,700	5,226

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Contractual Services - Continued			
Animal Control and Health Official	\$ 800	800	-
Postage	700	700	200
Dues, Memberships and Subscriptions	7,853	7,853	7,601
Municipal Partnerships	17,435	17,435	18,310
Repair and Maintenance - Computer Equipment	1,000	1,000	1,530
Repair and Maintenance - Vehicles/Equipment	16,500	13,500	10,731
	<u>59,948</u>	<u>56,948</u>	<u>51,270</u>
Commodities			
Office Supplies	2,700	2,700	1,702
Other Supplies	10,700	10,700	7,439
Uniforms	10,000	10,000	10,830
	<u>23,400</u>	<u>23,400</u>	<u>19,971</u>
Other Expenditures			
Fuel	16,600	11,600	9,152
Recruitment and Training	20,000	12,000	9,131
Miscellaneous	7,200	4,200	1,968
Auto Allowance	4,800	4,800	4,800
Community Service	2,500	2,500	2,661
	<u>51,100</u>	<u>35,100</u>	<u>27,712</u>
Total Police Department	<u>2,129,035</u>	<u>2,265,927</u>	<u>2,204,191</u>
Fire Department			
Personnel			
Salaries			
Regular	12,500	12,500	12,019
Merit - Vacation Buy Back	-	-	60
Employee Benefits			
Medical	1,729	1,729	1,729
Dental	25	25	169
Other Benefits	181	181	171
	<u>14,435</u>	<u>14,435</u>	<u>14,148</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department - Continued			
Contractual Services			
Miscellaneous Services	\$ 1,850	1,850	1,828
Fire Protection	511,837	500,837	499,943
Fire Safety Inspection Service	7,900	7,900	5,897
	<u>521,587</u>	<u>510,587</u>	<u>507,668</u>
Total Fire Department	<u>536,022</u>	<u>525,022</u>	<u>521,816</u>
Total Public Safety	<u>2,665,057</u>	<u>2,790,949</u>	<u>2,726,007</u>
Highways and Streets			
Street Department			
Personnel			
Salaries			
Regular	163,878	125,878	123,967
Overtime	10,000	15,000	12,411
Merit - Vacation Buy Back	2,025	7,675	7,651
Part-Time	15,560	10,560	5,132
Employee Benefits			
Medical	32,943	27,943	25,423
Dental	1,987	1,987	2,507
Life	287	287	159
Other Benefits	38,872	38,872	30,935
	<u>265,552</u>	<u>228,202</u>	<u>208,185</u>
Contractual Services			
Telephone	1,400	1,400	1,074
Cell Phone	1,000	1,000	1,021
Maintenance - Office Equipment	500	500	135
Outside Maintenance	34,000	30,500	22,128
Repair and Maintenance - Computer Equipment	1,500	1,500	-
Repair and Maintenance - Vehicles/Equipment	12,000	9,000	8,386
Signs - Traffic and Streets	5,000	5,000	3,611
Equipment Rental	500	500	385
Dues, Memberships and Subscriptions	500	500	60
	<u>56,400</u>	<u>49,900</u>	<u>36,800</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
Street Department - Continued			
Commodities			
Office Supplies	\$ 700	700	200
Other Supplies	2,500	2,500	2,455
Heating, Electric and Water Utilities	2,500	2,500	1,199
Maintenance Supplies	13,000	7,500	5,127
Snow Removal Supplies	38,000	28,000	20,806
Uniforms	1,300	1,300	1,374
Safety Equipment	750	750	132
	<u>58,750</u>	<u>43,250</u>	<u>31,293</u>
Other Expenditures			
Fuel	11,500	4,300	3,169
Recruitment and Training	2,000	2,000	2,637
Auto Allowance	2,400	2,400	600
Miscellaneous Expenditure	200	200	45
	<u>16,100</u>	<u>8,900</u>	<u>6,451</u>
Total Street Department	<u>396,802</u>	<u>330,252</u>	<u>282,729</u>
Street Lighting			
Personnel			
Salaries			
Regular	16,592	12,592	11,854
Overtime	1,300	1,300	1,356
Merit - Vacation Buy Back	175	175	750
Employee Benefits			
Medical	3,461	3,461	2,667
Dental	201	201	258
Other Benefits	3,763	3,763	2,939
	<u>25,492</u>	<u>21,492</u>	<u>19,824</u>
Contractual Services			
Repairs and Maintenance	8,500	5,500	3,043
Equipment Rental	500	500	-
	<u>9,000</u>	<u>6,000</u>	<u>3,043</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
Street Lighting - Continued			
Commodities			
Other Supplies	\$ 7,000	7,000	7,415
Heating, Electric and Water Utilities	20,000	20,000	18,334
	<u>27,000</u>	<u>27,000</u>	<u>25,749</u>
Other Expenditures			
Fuel	600	600	147
	<u>600</u>	<u>600</u>	<u>147</u>
Total Street Lighting	<u>62,092</u>	<u>55,092</u>	<u>48,763</u>
Total Highways and Streets	<u>458,894</u>	<u>385,344</u>	<u>331,492</u>
Culture and Recreation			
Beach			
Personnel			
Salaries			
Part-Time	25,000	25,000	22,783
Employee Benefits			
Other Benefits	2,050	2,050	1,868
	<u>27,050</u>	<u>27,050</u>	<u>24,651</u>
Contractual Services			
Printing and Publishing	800	800	620
Telephone	350	350	464
Miscellaneous	4,500	4,500	4,456
Laboratory Services	1,200	1,200	-
Equipment Rental	850	850	-
	<u>7,700</u>	<u>7,700</u>	<u>5,540</u>
Commodities			
Other Supplies	500	500	2,073
Other Expenditures			
Recruitment and Training	150	150	70
	<u>150</u>	<u>150</u>	<u>70</u>
Total Culture and Recreation	<u>35,400</u>	<u>35,400</u>	<u>32,334</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Capital Outlay			
General Government			
Software	\$ 11,150	16,750	13,692
Computer Equipment	3,300	3,300	1,179
Machinery and Equipment	-	-	1,361
Office Furniture	625	625	898
Total General Government	15,075	20,675	17,130
Public Safety			
Police Department			
Vehicle Fund Expense	1,200	1,200	-
Office Furniture	500	500	-
Machinery and Equipment	1,000	1,000	746
Software	500	500	-
Computer Equipment	500	500	303
Total Police Department	3,700	3,700	1,049
Fire Department			
Foreign Fire Expenses	5,000	-	-
Total Fire Department	5,000	-	-
Total Public Safety	8,700	3,700	1,049
Highways and Streets			
Street Department			
Machinery and Equipment	1,000	1,000	-
Culture and Recreation			
Beach			
Machinery and Equipment	600	600	144
Total Culture and Recreation	600	600	144
Total Capital Outlay	25,375	25,975	18,323
Total Expenditures	4,298,776	4,400,568	4,158,951

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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 1,722,929	1,722,929	1,728,040
Interest Income	1,500	1,500	4,755
Total Revenues	<u>1,724,429</u>	<u>1,724,429</u>	<u>1,732,795</u>
Expenditures			
Debt Service			
Principal Retirement	1,349,613	1,349,613	1,349,384
Interest and Fiscal Charges	362,206	362,836	362,836
Total Expenditures	<u>1,711,819</u>	<u>1,712,449</u>	<u>1,712,220</u>
Net Change in Fund Balance	<u>12,610</u>	<u>11,980</u>	20,575
Fund Balance - Beginning			<u>374,233</u>
Fund Balance - Ending			<u><u>394,808</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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Interest Income	\$ 350	350	4,489
Expenditures			
Capital Outlay	564,600	1,374,818	419,686
Debt Service			
Interest and Fiscal Charges	-	-	4,000
Total Expenditures	564,600	1,374,818	423,686
Excess (Deficiency) of Revenues Over (Under) Expenditures	(564,250)	(1,374,468)	(419,197)
Other Financing Sources (Uses)			
Debt Issuance	590,000	590,000	594,273
Transfers In	-	-	325,218
Transfers Out	-	-	(786,472)
	590,000	590,000	133,019
Net Change in Fund Balance	25,750	(784,468)	(286,178)
Fund Balance - Beginning			498,612
Fund Balance - Ending			212,434

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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
State Grants	\$ -	-	1,200,000
Interest Income	7,500	7,500	18,417
Other Income	-	-	80,165
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>1,298,582</u>
Expenditures			
Capital Outlay	<u>7,084,100</u>	<u>8,917,358</u>	<u>5,010,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,076,600)	(8,909,858)	(3,712,415)
Other Financing (Uses)			
Transfers Out	-	-	<u>(2,756,983)</u>
Net Change in Fund Balance	<u>(7,076,600)</u>	<u>(8,909,858)</u>	(6,469,398)
Fund Balance - Beginning			<u>7,975,908</u>
Fund Balance - Ending			<u><u>1,506,510</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

**Combining Balance Sheet
December 31, 2016**

	Sewer Service	Motor Fuel Tax	E-911	Totals
ASSETS				
Cash and Investments	\$ 241,431	496,499	144,433	882,363
Receivables - Net of Allowances Accounts	25,668	44,571	16,562	86,801
Total Assets	267,099	541,070	160,995	969,164
LIABILITIES				
Accounts Payable	9,576	175,819	300	185,695
FUND BALANCES				
Restricted	-	365,251	160,695	525,946
Committed	257,523	-	-	257,523
Total Fund Balances	257,523	365,251	160,695	783,469
Total Liabilities and Fund Balances	267,099	541,070	160,995	969,164

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, 2016**

	Sewer Service	Motor Fuel Tax	E-911	Totals
Revenues				
Intergovernmental	\$ -	63,983	-	63,983
Charges for Services	96,457	-	69,610	166,067
Interest Income	1,656	2,620	724	5,000
Other Income	6,530	-	36,238	42,768
Total Revenues	104,643	66,603	106,572	277,818
Expenditures				
Current				
Public Works	19,840	-	-	19,840
Public Safety	-	-	83,414	83,414
Highways and Streets	-	162,704	-	162,704
Capital Outlay	19,267	-	-	19,267
Total Expenditures	39,107	162,704	83,414	285,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,536	(96,101)	23,158	(7,407)
Other Financing (Uses)				
Transfers Out	(40,000)	-	(26,666)	(66,666)
Net Change in Fund Balances	25,536	(96,101)	(3,508)	(74,073)
Fund Balances - Beginning	231,987	461,352	164,203	857,542
Fund Balances - Ending	257,523	365,251	160,695	783,469

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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Sewer Charges	\$ 90,125	90,125	96,457
Interest Income	400	400	1,656
Other Income	-	-	6,530
Total Revenues	<u>90,525</u>	<u>90,525</u>	<u>104,643</u>
Expenditures			
Public Works			
Outside Maintenance Services	37,000	37,000	8,287
Repair and Maintenance - Vehicles/Equipment	1,000	50	10
Engineering	1,500	9,760	9,760
Equipment Rental	500	500	-
Other Supplies	500	500	-
Maintenance and Construction Supplies	3,000	1,000	783
Permit Fee	1,100	1,100	1,000
Capital Outlay	2,000	10,007	19,267
Total Expenditures	<u>46,600</u>	<u>59,917</u>	<u>39,107</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	43,925	30,608	65,536
Other Financing (Uses)			
Transfers Out	<u>(42,677)</u>	<u>(40,000)</u>	<u>(40,000)</u>
Net Change in Fund Balance	<u>1,248</u>	<u>(9,392)</u>	25,536
Fund Balance - Beginning			<u>231,987</u>
Fund Balance - Ending			<u>257,523</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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Allotment	\$ 65,000	65,000	63,983
Interest Income	650	650	2,620
Total Revenues	<u>65,650</u>	<u>65,650</u>	<u>66,603</u>
Expenditures			
Highways and Streets	<u>280,500</u>	<u>280,500</u>	<u>162,704</u>
Net Change in Fund Balance	<u>(214,850)</u>	<u>(214,850)</u>	(96,101)
Fund Balance - Beginning			<u>461,352</u>
Fund Balance - Ending			<u><u>365,251</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, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Surcharge Revenue	\$ 69,000	69,000	69,610
Interest Income	200	200	724
Other Income	-	36,225	36,238
Total Revenues	<u>69,200</u>	<u>105,425</u>	<u>106,572</u>
Expenditures			
Public Safety			
Telephone	17,752	17,752	11,440
Outside Maintenance Service	24,900	24,900	23,537
Professional Services	-	48,300	48,300
Miscellaneous	1,500	1,500	137
Total Expenditures	<u>44,152</u>	<u>92,452</u>	<u>83,414</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,048	12,973	23,158
Other Financing (Uses)			
Transfers Out	<u>(26,666)</u>	<u>(26,666)</u>	<u>(26,666)</u>
Net Change in Fund Balance	<u>(1,618)</u>	<u>(13,693)</u>	(3,508)
Fund Balance - Beginning			<u>164,203</u>
Fund Balance - Ending			<u><u>160,695</u></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, 2016**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 1,003,849	1,003,849	1,009,742
Miscellaneous	3,000	3,000	14,481
Total Operating Revenues	<u>1,006,849</u>	<u>1,006,849</u>	<u>1,024,223</u>
Operating Expenses			
Operations			
Personnel	347,700	363,350	471,624
Contractual Services	202,575	219,975	199,384
Commodities	76,000	76,000	57,342
Other Expenses	60,800	27,750	10,668
Depreciation and Amortization	6,075	6,075	238,712
Total Operating Expenses	<u>693,150</u>	<u>693,150</u>	<u>977,730</u>
Operating Income	<u>313,699</u>	<u>313,699</u>	<u>46,493</u>
Nonoperating Revenues (Expenses)			
Interest Income	18	18	556
Interest and Fiscal Charges	(107,975)	(107,975)	(96,831)
	<u>(107,957)</u>	<u>(107,957)</u>	<u>(96,275)</u>
Income Before Transfers	205,742	205,742	(49,782)
Transfers In	-	-	<u>3,543,455</u>
Change in Net Position	<u>205,742</u>	<u>205,742</u>	3,493,673
Net Position - Beginning			<u>2,950,244</u>
Net Position - Ending			<u><u>6,443,917</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operations			
Personnel			
Salaries			
Regular	\$ 235,987	194,637	190,903
Overtime	11,500	11,500	12,201
Merit - Vacation Buy Back	2,025	17,825	17,651
Part-Time	-	41,200	42,742
Employee Benefits			
Medical	42,607	42,607	31,962
Dental	2,879	2,879	3,090
Life	330	330	273
Other Benefits	52,372	52,372	172,802
Total Personnel	347,700	363,350	471,624
Contractual Services			
Village Attorney	7,000	7,000	9,773
Printing and Publishing	1,300	1,300	396
Telephone and Internet	11,600	11,600	11,849
Outside Maintenance	10,000	10,000	11,627
Equipment Maintenance	3,050	3,050	2,991
Laboratory Services	3,500	3,500	2,720
Professional Services	77,500	88,000	89,611
Postage	2,200	2,200	1,786
Dues, Memberships and Subscriptions	350	350	330
Equipment Rental	500	500	-
Miscellaneous Services	7,575	7,575	5,293
Engineering	10,000	16,900	16,859
Repairs and Maintenance - Computer Equipment	12,500	12,500	6,438
Repairs and Maintenance - Vehicles/Equipment	2,500	2,500	624
Repairs and Maintenance - Hydrant/Valve	3,000	3,000	-
Repairs and Maintenance - Water Mains	50,000	50,000	39,087
Total Contractual Services	202,575	219,975	199,384

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Operations - Continued			
Commodities			
Janitorial Supplies	\$ 500	500	73
Office Supplies	250	250	81
Other Supplies	300	300	756
Maintenance Supplies	20,500	20,500	9,716
Heating, Electric and Water Utilities	39,300	39,300	32,375
Uniforms	1,150	1,150	1,319
Chemicals	14,000	14,000	13,022
Total Commodities	76,000	76,000	57,342
Other Expenses			
Auto Allowance	2,400	2,400	600
Fuel	5,800	5,800	1,619
Recruitment and Training	600	600	150
Machinery and Equipment	52,000	18,950	8,195
Miscellaneous	-	-	104
Total Other Expenses	60,800	27,750	10,668
Depreciation and Amortization	6,075	6,075	238,712
Debt Service			
Principal Retirement	165,000	165,000	165,000
Interest Expense	107,975	107,975	96,831
	272,975	272,975	261,831
Less Nonoperating Items			
Debt Service	(272,975)	(272,975)	(261,831)
Total Debt Service	-	-	-
Total Operating Expenses	693,150	693,150	977,730

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, 2016**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 554,329	554,329	705,080
Contributions - Employee	81,625	81,625	81,078
Contributions - Other	-	-	900
Total Contributions	<u>635,954</u>	<u>635,954</u>	<u>787,058</u>
Investment Income			
Interest Income	75,000	75,000	163,703
Net Change in Fair Value	-	-	89,783
	<u>75,000</u>	<u>75,000</u>	<u>253,486</u>
Less Investment Expenses	(24,600)	(24,600)	(23,187)
Net Investment Income	<u>50,400</u>	<u>50,400</u>	<u>230,299</u>
Total Additions	<u>686,354</u>	<u>686,354</u>	<u>1,017,357</u>
Deductions			
Administration	11,280	11,280	9,702
Benefits and Refunds	661,739	661,739	661,739
Total Deductions	<u>673,019</u>	<u>673,019</u>	<u>671,441</u>
Change in Fiduciary Net Position	<u>13,335</u>	<u>13,335</u>	345,916
Net Position Restricted for Pensions			
Beginning			<u>6,334,369</u>
Ending			<u>6,680,285</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Bonds of 2013
December 31, 2016**

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
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>8,545,000</u>	<u>3,192,857</u>	<u>11,737,857</u>		<u>1,600,374</u>		<u>1,592,483</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation (Alternate Revenue Source) Refunding Bonds of 2015A
December 31, 2016**

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
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>3,060,000</u>	<u>733,050</u>	<u>3,793,050</u>		<u>366,525</u>		<u>366,525</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2015B
December 31, 2016**

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
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>785,000</u>	<u>47,400</u>	<u>832,400</u>		<u>23,700</u>		<u>23,700</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**Taxable General Obligation Limited Bonds of 2016
December 31, 2016**

Date of Issue	December 7, 2016
Date of Maturity	December 1, 2017
Authorized Issue	\$594,273
Denomination of Bonds	\$1
Interest Rate	0.98%
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
2017	\$ 594,273	5,726	599,999