

VILLAGE OF KENILWORTH,  
ILLINOIS

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ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2017

**VILLAGE OF KENILWORTH, ILLINOIS**

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## **INTRODUCTORY SECTION**

**VILLAGE OF KENILWORTH, ILLINOIS**

**List of Principal Officials  
December 31, 2017**

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**PRESIDENT**

Ann Potter

**BOARD OF TRUSTEES**

Jeff Bedwell  
Cecily Kaz  
Scott Lien

James R. McClamroch, Jr.  
Peter Shadek  
Alison Winslow

**CLERK**

Tim Ransford

**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
- Supplemental Schedules

## **INDEPENDENT AUDITORS' REPORT**

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



## **INDEPENDENT AUDITORS' REPORT**

April 16, 2018

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, 2017, 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, 2017, 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, 2017

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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, 2017. 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 \$590,798, or 9.2 percent, and net position of the governmental activities increased by \$348,972, or 9.3 percent.
- During the year, government-wide revenues for the primary government totaled \$7,770,023 while expenses totaled \$6,830,253 resulting in an increase to net position of \$939,770.
- The Village's net position totaled \$3,626,721 on December 31, 2017, which includes \$5,670,088 net investment in capital assets, \$591,184 subject to external restrictions, and (\$2,634,551) unrestricted net position.
- The Village's governmental funds for the year ending December 31, 2017 reported combined ending fund balances of \$6,722,153, which is a decrease of \$502,169, over last fiscal year's total of \$7,224,322. Of the \$6,722,153 total, \$2,625,187, or 39.0 percent of the fund balance constitutes unassigned fund balance.
- The General Fund reported a fund balance decrease for the year ending December 31, 2017 of \$184,950 resulting in ending fund balance of \$4,142,151, a decrease of 4.3 percent. This decrease was due to a number of one-time expenditures/transfers including: \$300,000 to the Police Pension Fund, \$100,000 to the Illinois Municipal Retirement Fund, and \$308,621 to the Capital Improvement Fund for property acquisition.

### 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, 2017

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### 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, 2017

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### 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.

# VILLAGE OF KENILWORTH, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### USING THIS ANNUAL REPORT – Continued

#### Fund Financial Statements – Continued

#### Proprietary Funds – Continued

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.

#### 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 - 87 of this report.

# VILLAGE OF KENILWORTH, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

### 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 \$3,626,721.

	Governmental Activities		Net Position		Totals	
			Business-Type Activities			
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 11,632,750	13,785,440	813,908	281,588	12,446,658	14,067,028
Capital Assets	7,376,636	7,230,295	9,226,232	9,404,646	16,602,868	16,634,941
Total Assets	19,009,386	21,015,735	10,040,140	9,686,234	29,049,526	30,701,969
Deferred Outflows	1,102,767	1,567,110	23,746	95,158	1,126,513	1,662,268
Total Assets/Deferred Outflows	20,112,153	22,582,845	10,063,886	9,781,392	30,176,039	32,364,237
Long-Term Debt	16,135,953	17,970,000	2,705,147	3,104,323	18,841,100	21,074,323
Other Liabilities	1,885,351	3,593,969	245,120	228,581	2,130,471	3,822,550
Total Liabilities	18,021,304	21,563,969	2,950,267	3,332,904	20,971,571	24,896,873
Deferred Inflows	5,498,843	4,775,842	78,904	4,571	5,577,747	4,780,413
Total Liabilities/Deferred Inflows	23,520,147	26,339,811	3,029,171	3,337,475	26,549,318	29,677,286
Net Position						
Net Investment in						
Capital Assets	(676,144)	(1,462,225)	6,346,232	6,344,646	5,670,088	4,882,421
Restricted	591,184	956,983	-	-	591,184	956,983
Unrestricted (Deficit)	(3,323,034)	(3,251,724)	688,483	99,271	(2,634,551)	(3,152,453)
Total Net Position	(3,407,994)	(3,756,966)	7,034,715	6,443,917	3,626,721	2,686,951

A portion of the Village's net position, \$5,670,088, 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, \$591,184, 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 (\$2,634,551) 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, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

	Changes in Net Position					
	Governmental		Business-Type		Totals	
	Activities	Activities	Activities	Activities	2017	2016
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,160,632	1,415,677	1,056,857	1,024,223	2,217,489	2,439,900
Operating Grants/Contrib.	112,363	1,265,183	-	-	112,363	1,265,183
Capital Grants/Contrib.	-	-	115,006	-	115,006	-
<b>General Revenues</b>						
<b>Taxes</b>						
Property	4,402,133	4,362,221	-	-	4,402,133	4,362,221
Replacement	35,538	33,653	-	-	35,538	33,653
State Income	230,817	244,625	-	-	230,817	244,625
State Sales	39,834	66,593	-	-	39,834	66,593
Utility	221,495	233,978	-	-	221,495	233,978
Other	77,451	74,289	-	-	77,451	74,289
Investment Income	77,951	65,963	3,088	556	81,039	66,519
Miscellaneous	236,858	277,874	-	-	236,858	277,874
<b>Total Revenues</b>	<b>6,595,072</b>	<b>8,040,056</b>	<b>1,174,951</b>	<b>1,024,779</b>	<b>7,770,023</b>	<b>9,064,835</b>
<b>Expenses</b>						
General Government	1,077,809	894,451	-	-	1,077,809	894,451
Public Works	698,166	317,215	-	-	698,166	317,215
Public Safety	3,253,291	3,184,830	-	-	3,253,291	3,184,830
Highways and Streets	522,776	626,560	-	-	522,776	626,560
Culture and Recreation	34,355	32,478	-	-	34,355	32,478
Interest on Long-Term Debt	334,895	352,058	-	-	334,895	352,058
Waterworks System	-	-	908,961	1,074,561	908,961	1,074,561
<b>Total Expenses</b>	<b>5,921,292</b>	<b>5,407,592</b>	<b>908,961</b>	<b>1,074,561</b>	<b>6,830,253</b>	<b>6,482,153</b>
<b>Change in Net Position</b>						
Before Transfers	673,780	2,632,464	265,990	(49,782)	939,770	2,582,682
Transfers	(324,808)	(3,543,455)	324,808	3,543,455	-	-
<b>Change in Net Position</b>	<b>348,972</b>	<b>(910,991)</b>	<b>590,798</b>	<b>3,493,673</b>	<b>939,770</b>	<b>2,582,682</b>
Net Position - Beginning	(3,756,966)	(2,845,975)	6,443,917	2,950,244	2,686,951	104,269
<b>Net Position-Ending</b>	<b>(3,407,994)</b>	<b>(3,756,966)</b>	<b>7,034,715</b>	<b>6,443,917</b>	<b>3,626,721</b>	<b>2,686,951</b>

# VILLAGE OF KENILWORTH, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

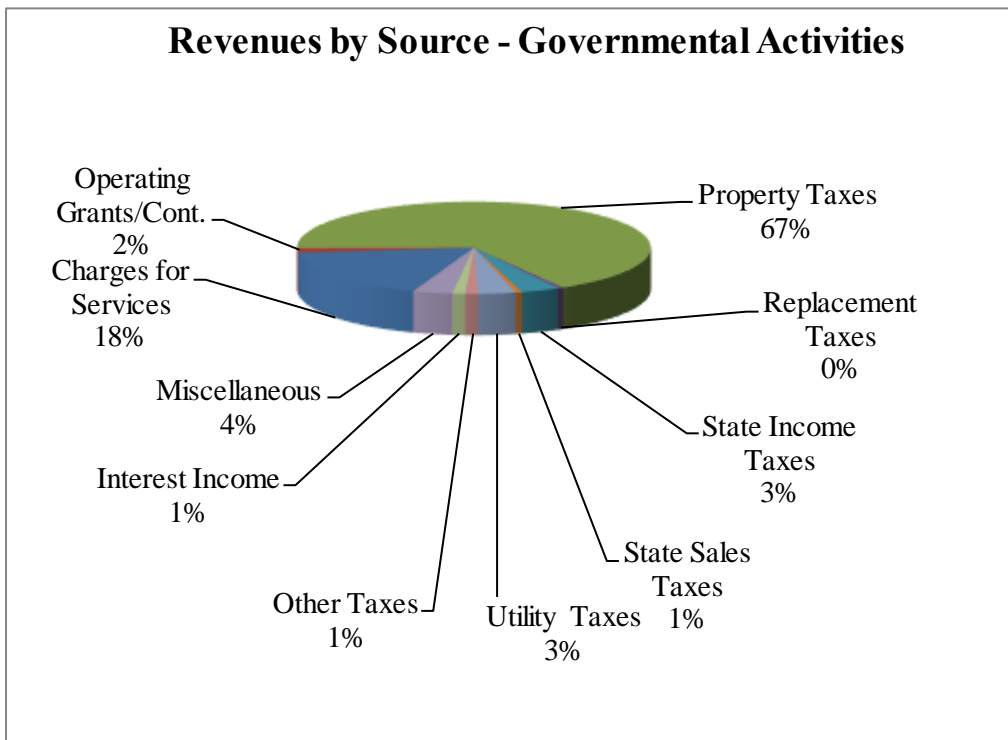
Net position of the Village's governmental activities increased by 9.3 percent (a deficit of \$3,407,994 at December 31, 2017 compared to a deficit of \$3,756,966 at December 31, 2016). Unrestricted net position, the part of net position used to finance day-to-day operations without constraints, totaled a deficit of \$3,323,034 at December 31, 2017.

Net position of business-type activities increased by 9.2 percent (\$7,034,715 at December 31, 2017 compared to \$6,443,917 at December 31, 2016).

### Governmental Activities

Revenues for governmental activities totaled \$6,595,072, while the cost of all governmental functions totaled \$5,921,292, resulting in a surplus of \$673,780, before transfers out of \$324,808, for the year ended December 31, 2017.

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

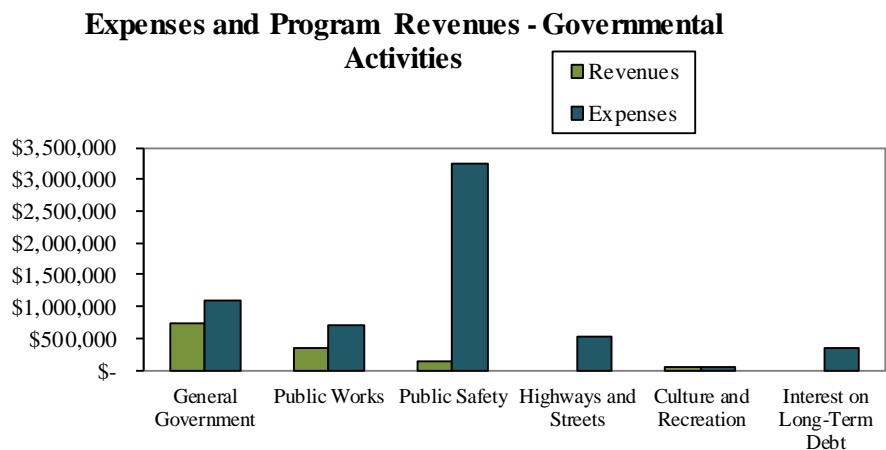
## Management's Discussion and Analysis December 31, 2017

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### 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.



#### Business-Type activities

Business-Type activities for the year ended December 31, 2017, reported total revenues of \$1,174,951, while the cost of all business-type activities totaled \$908,961, resulting in an increase of \$265,990, before transfers in of \$324,808. The increase for the year is primarily due to the receipt of a \$115,006 capital contribution from the Capital Projects Fund for building improvements and expenditures coming in \$143,727 less than budgeted. With water now being purchased rather than produced, future expenditures should remain in line with 2017 actuals. The transfer in was from the Debt Service Fund to aid in the repayment of the outstanding bond issue.

# VILLAGE OF KENILWORTH, ILLINOIS

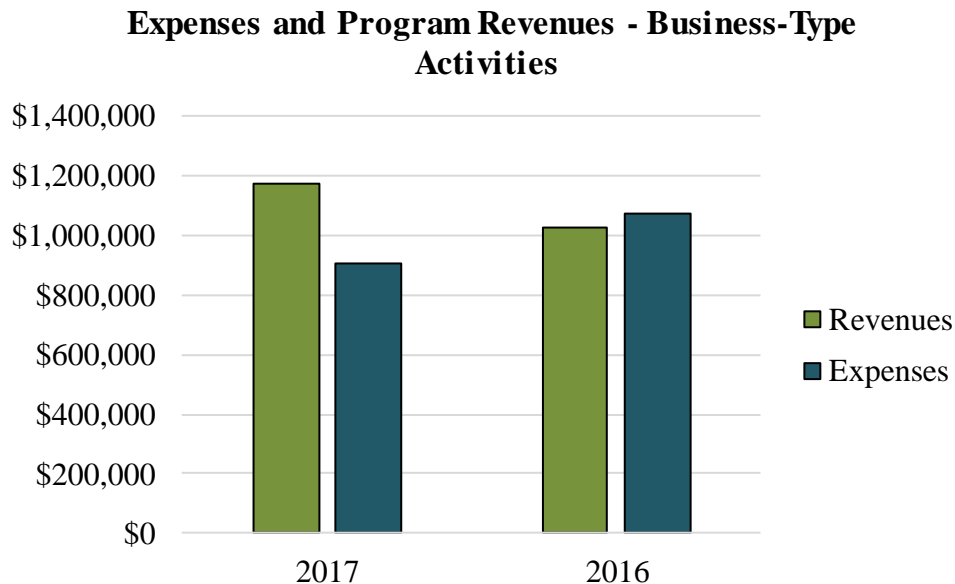
## Management's Discussion and Analysis December 31, 2017

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Business-Type Activities – Continued

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



### 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 \$6,722,153, which is a decrease of \$502,169, from last year's total of \$7,224,322. Of the \$6,722,153 total combined fund balances, \$2,625,187, or 39.1 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported fund balance for the year of \$4,142,151, a decrease of 4.3 percent. The decrease in fund balance is primarily due to additional payments made to the IMRF and Police Pension retirement funds and a transfer to the Capital Improvement Fund.

# VILLAGE OF KENILWORTH, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

#### Governmental Funds – Continued

The General Fund is the chief operating fund of the Village. At December 31, 2017, unassigned fund balance in the General Fund was \$2,625,187, which represents 63.4 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 60.4 percent of total General Fund expenditures. This is within the targeted Fund Balance of 55-70%.

The Debt Service Fund reported a decrease of \$298,425, or 75.6%. The decrease was due to a \$324,808 transfer out to the Waterworks System Fund for debt service. The fund balance of \$96,383 is restricted for future debt service payments.

During the fiscal year, a General Obligation Limited Bond was issued in the amount of \$590,000 and the proceeds were reported in the Capital Projects Fund, resulting in ending fund balance of \$294,454. Proceeds from the bond are earmarked for capital improvements and other lawful expenditures. During the current year \$808,487 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 \$152,533 was spent on capital outlay. This resulted in an ending fund balance of \$1,479,647. The balance of the fund is intended to be used over the next two years for Phase II of the Kenilworth 2023 Infrastructure Improvement Program.

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 \$21,394 due to a slight increase in revenues. The Motor Fuel Tax Fund reported an increase of \$65,350, as there was minimal authorized Motor Fuel Tax expenditures for road work during the budgeted year. The E-911 Fund reported a decrease of \$160,695 due to closing the fund to the General Fund.

# VILLAGE OF KENILWORTH, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

#### 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 \$590,798. During the current year, the Waterworks System Fund incurred a \$265,990 increase before the transfer in from the Capital Projects Fund. The increase for the year is a result of a change from producing to purchasing potable water and a resulting reduction in budgeted expenditures. The transfer in was from the Debt Service Fund was to aid in the repayment of the outstanding bond issue.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Village Board made three budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$4,452,875, compared to budgeted revenues of \$4,391,299. The primary difference between budgeted and actual revenues for the year ending December 31, 2017 was due to permits, charges for services, and miscellaneous revenues coming in over budget.

The General Fund actual expenditures for the year were \$4,347,780, with budgeted expenditures of \$4,711,371. Total expenditures were under budget across all of the General Fund departments with general government, public works, public safety, highways and streets, and culture and recreation 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, 2017 was \$16,602,868 (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, 2017**

**CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued**

**Capital Assets – Continued**

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land and Right of Way	\$ 169,931	169,931	38,648	38,648	208,579	208,579
Construction in Progress	251,120	-	-	-	251,120	-
Buildings and Improvements	1,161,696	1,220,185	9,020,067	9,182,195	10,181,763	10,402,380
Machinery and Equipment	410,792	293,827	167,517	183,804	578,309	477,631
Sanitary and Sewer System	3,165,939	3,236,491	-	-	3,165,939	3,236,491
Streets	2,217,158	2,309,861	-	-	2,217,158	2,309,861
Totals	7,376,636	7,230,295	9,226,232	9,404,647	16,602,868	16,634,942

This year’s major additions included:

Construction in Progress	\$ 251,120
Sanitary and Sewer System	49,385
Macinery and Equipment	200,468
Building	115,006
	<u>615,979</u>

Additional information on the Village’s capital assets can be found in note 3 on pages 35 - 36 of this report.

**Debt Administration**

At year end on December 31, 2017, the Village had total outstanding debt of \$12,145,000 as compared to \$13,117,273 the previous fiscal year ending on December 31, 2016, a decrease of 7.4 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	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds - Net	\$ 9,265,000	10,057,273	2,880,000	3,060,000	12,145,000	13,117,273

# VILLAGE OF KENILWORTH, ILLINOIS

## Management's Discussion and Analysis December 31, 2017

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### **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 \$27,758,960.

Additional information on the Village's long-term debt can be found in Note 3 on pages 38 - 41 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 2018 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, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 6,746,493	590,469	7,336,962
Receivables - Net of Allowances			
Property Taxes	4,553,412	-	4,553,412
Accounts	134,125	217,940	352,065
Prepays	148,377	-	148,377
Total Current Assets	11,582,407	808,409	12,390,816
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	421,051	38,648	459,699
Depreciable Capital Assets	10,154,664	13,165,147	23,319,811
Accumulated Depreciation	(3,199,079)	(3,977,563)	(7,176,642)
Total Capital Assets	7,376,636	9,226,232	16,602,868
Other Assets			
Net Pension Asset	50,343	5,499	55,842
Total Noncurrent Assets	7,426,979	9,231,731	16,658,710
Total Assets	19,009,386	10,040,140	29,049,526
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	217,417	23,746	241,163
Deferred Items - Police Pension	885,350	-	885,350
Total Deferred Outflows of Resources	1,102,767	23,746	1,126,513
Total Assets and Deferred Outflows of Resources	20,112,153	10,063,886	30,176,039

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 121,187	43,408	164,595
Accrued Interest	25,445	7,200	32,645
Deposits Payable	331,255	6,975	338,230
Current Portion of Long-Term Debt	1,407,464	187,537	1,595,001
Total Current Liabilities	1,885,351	245,120	2,130,471
Noncurrent Liabilities			
Compensated Absences Payable	69,858	10,147	80,005
Net Pension Liability - Police	8,191,095	-	8,191,095
General Obligation Bonds Payable - Net	7,875,000	2,695,000	10,570,000
Total Noncurrent Liabilities	16,135,953	2,705,147	18,841,100
Total Liabilities	18,021,304	2,950,267	20,971,571
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	4,407,812	-	4,407,812
Deferred Items - IMRF	722,430	78,904	801,334
Deferred Items - Police Pension	368,601	-	368,601
Total Deferred Inflows of Resources	5,498,843	78,904	5,577,747
Total Liabilities and Deferred Inflows of Resources	23,520,147	3,029,171	26,549,318
<b>NET POSITION</b>			
Net Investment in Capital Assets	(676,144)	6,346,232	5,670,088
Restricted - Debt Service	70,938	-	70,938
Restricted - Public Safety	89,645	-	89,645
Restricted - Highways and Streets	430,601	-	430,601
Unrestricted (Deficit)	(3,323,034)	688,483	(2,634,551)
Total Net Position	(3,407,994)	7,034,715	3,626,721

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, 2017**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
<b>Governmental Activities</b>				
General Government	\$ 1,077,809	735,114	-	-
Public Works	698,166	243,711	111,163	-
Public Safety	3,253,291	146,742	1,200	-
Highways and Streets	522,776	-	-	-
Culture and Recreation	34,355	35,065	-	-
Interest on Long-Term Debt	334,895	-	-	-
Total Governmental Activities	5,921,292	1,160,632	112,363	-
<b>Business-Type Activities</b>				
Waterworks System	908,961	1,056,857	-	115,006
Total Primary Government	6,830,253	2,217,489	112,363	115,006

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
(342,695)	-	(342,695)
(343,292)	-	(343,292)
(3,105,349)	-	(3,105,349)
(522,776)	-	(522,776)
710	-	710
(334,895)	-	(334,895)
(4,648,297)	-	(4,648,297)
-	262,902	262,902
(4,648,297)	262,902	(4,385,395)
4,402,133	-	4,402,133
35,538	-	35,538
230,817	-	230,817
39,834	-	39,834
221,495	-	221,495
77,451	-	77,451
77,951	3,088	81,039
236,858	-	236,858
(324,808)	324,808	-
4,997,269	327,896	5,325,165
348,972	590,798	939,770
(3,756,966)	6,443,917	2,686,951
(3,407,994)	7,034,715	3,626,721

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

**VILLAGE OF KENILWORTH, ILLINOIS**

**Balance Sheet - Governmental Funds  
December 31, 2017**

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	<u>General</u>
<b>ASSETS</b>	
Cash and Investments	\$ 4,174,563
Receivables - Net of Allowances	
Property Taxes	2,865,130
Accounts	99,474
Due from Other Funds	1,313
Prepays	<u>148,377</u>
Total Assets	<u><u>7,288,857</u></u>
<b>LIABILITIES</b>	
Accounts Payable	95,921
Deposits Payable	<u>331,255</u>
Total Liabilities	427,176
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	<u>2,719,530</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>3,146,706</u></u>
<b>FUND BALANCE</b>	
Nonspendable	148,377
Restricted	89,645
Committed	3,942
Assigned	1,275,000
Unassigned	<u>2,625,187</u>
Total Fund Balances	<u><u>4,142,151</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>7,288,857</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		
96,286	320,869	1,478,064	676,711	6,746,493
1,688,282	-	-	-	4,553,412
97	164	1,583	32,807	134,125
-	-	-	-	1,313
-	-	-	-	148,377
<u>1,784,665</u>	<u>321,033</u>	<u>1,479,647</u>	<u>709,518</u>	<u>11,583,720</u>
-	26,579	-	-	122,500
-	-	-	-	331,255
-	26,579	-	-	453,755
1,688,282	-	-	-	4,407,812
<u>1,688,282</u>	<u>26,579</u>	<u>-</u>	<u>-</u>	<u>4,861,567</u>
-	-	-	-	148,377
96,383	-	-	430,601	616,629
-	-	-	278,917	282,859
-	294,454	1,479,647	-	3,049,101
-	-	-	-	2,625,187
<u>96,383</u>	<u>294,454</u>	<u>1,479,647</u>	<u>709,518</u>	<u>6,722,153</u>
<u>1,784,665</u>	<u>321,033</u>	<u>1,479,647</u>	<u>709,518</u>	<u>11,583,720</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, 2017**

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<b>Total Governmental Fund Balances</b>	\$ 6,722,153
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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.	7,376,636
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(505,013)
Deferred Items - Police Pension	516,749

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(87,322)
Net Pension Asset - IMRF	50,343
Net Pension Liability - Police	(8,191,095)
General Obligation Bonds Payable - Net	(9,265,000)
Accrued Interest Payable	<u>(25,445)</u>

<b>Net Position of Governmental Activities</b>	<u><u>(3,407,994)</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, 2017**

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**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, 2017**

	<u>General</u>
Revenues	
Taxes	\$ 3,281,885
Intergovernmental	1,200
Charges for Services	385,067
Licenses and Permits	581,212
Fines and Forfeitures	33,897
Interest Income	46,107
Miscellaneous	123,507
Total Revenues	<u>4,452,875</u>
Expenditures	
Current	
General Government	866,327
Public Works	201,817
Public Safety	2,810,025
Highways and Streets	419,331
Culture and Recreation	34,355
Capital Outlay	15,925
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>4,347,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>105,095</u>
Other Financing Sources (Uses)	
Disposal of Capital Assets	8,265
Debt Issuance	-
Transfers In	52,915
Transfers Out	(351,225)
	<u>(290,045)</u>
Net Change in Fund Balances	(184,950)
Fund Balances - Beginning	<u>4,327,101</u>
Fund Balances - Ending	<u><u>4,142,151</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		
1,725,383	-	-	-	5,007,268
-	-	-	111,163	112,363
-	-	-	160,456	545,523
-	-	-	-	581,212
-	-	-	-	33,897
10,587	863	13,342	7,052	77,951
-	1,023	112,328	-	236,858
1,735,970	1,886	125,670	278,671	6,595,072
-	-	-	-	866,327
-	-	-	21,865	223,682
-	-	-	148,313	2,958,338
-	-	-	2,575	421,906
-	-	-	-	34,355
-	808,487	152,533	169,558	1,146,503
1,374,273	-	-	-	1,374,273
335,314	10,000	-	-	345,314
1,709,587	818,487	152,533	342,311	7,370,698
26,383	(816,601)	(26,863)	(63,640)	(775,626)
-	-	-	-	8,265
-	590,000	-	-	590,000
-	308,621	-	42,604	404,140
(324,808)	-	-	(52,915)	(728,948)
(324,808)	898,621	-	(10,311)	273,457
(298,425)	82,020	(26,863)	(73,951)	(502,169)
394,808	212,434	1,506,510	783,469	7,224,322
96,383	294,454	1,479,647	709,518	6,722,153

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, 2017**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (502,169)

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	500,973
Depreciation Expense	(354,632)
Disposals - Cost	(46,329)
Disposals - Accumulated Depreciation	46,329

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

Change in Deferred Items - IMRF	(807,342)
Change in Deferred Items - Police Pension	(361,987)

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	15,232
Decrease to Net Pension Asset - IMRF	764,286
Decrease to Net Pension Liability - Police Pension	299,919
Issuance of Debt	(590,000)
Retirement of Debt	1,374,273
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.

2,419

**Changes in Net Position of Governmental Activities**

348,972

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, 2017**

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**See Following Page**

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Net Position - Proprietary Funds  
December 31, 2017

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	<u>Business-Type Activities Waterworks System</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 590,469
Receivables - Net of Allowances	
Accounts - Billed	107,205
Accounts - Unbilled	<u>110,735</u>
Total Current Assets	<u>808,409</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	38,648
Depreciable Capital Assets	13,165,147
Accumulated Depreciation	<u>(3,977,563)</u>
Total Capital Assets	9,226,232
Other Assets	
Net Pension Asset	<u>5,499</u>
Total Noncurrent Assets	<u>9,231,731</u>
Total Assets	10,040,140
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>23,746</u>
Total Assets and Deferred Outflows of Resources	<u>10,063,886</u>

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

	Business-Type Activities <u>Waterworks System</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 43,408
Accrued Interest	7,200
Deposits Payable	6,975
Compensated Absences Payable	2,537
General Obligation Bonds Payable	185,000
Total Current Liabilities	<u>245,120</u>
Noncurrent Liabilities	
Compensated Absences Payable	10,147
General Obligation Bonds Payable	2,695,000
Total Noncurrent Liabilities	<u>2,705,147</u>
Total Liabilities	2,950,267
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>78,904</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,029,171</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	6,346,232
Unrestricted	<u>688,483</u>
Total Net Position	<u><u>7,034,715</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, 2017**

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	Business-Type Activities
	<u>Waterworks System</u>
Operating Revenues	
Charges for Services	\$ 1,026,038
Miscellaneous	30,819
Total Operating Revenues	<u>1,056,857</u>
Operating Expenses	
Operations	523,715
Depreciation and Amortization	293,421
Total Operating Expenses	<u>817,136</u>
Operating Income	<u>239,721</u>
Nonoperating Revenues (Expenses)	
Interest Income	3,088
Interest and Fiscal Charges	(91,825)
	<u>(88,737)</u>
Income Before Contributions and Transfers	<u>150,984</u>
Capital Contributions	115,006
Transfers In	324,808
	<u>439,814</u>
Change in Net Position	590,798
Net Position - Beginning	<u>6,443,917</u>
Net Position - Ending	<u><u>7,034,715</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, 2017**

	Business-Type Activities
	<u>Waterworks System</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 1,039,459
Payments to Employees	(150,156)
Payments to Suppliers	(435,950)
	<u>453,353</u>
Cash Flows from Capital and Related Financing Activities	
Interest on Capital Debt	(91,825)
Principal on Capital Debt	(180,000)
	<u>(271,825)</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	<u>324,808</u>
Cash Flows from Investing Activities	
Interest Received	<u>3,088</u>
Net Change in Cash and Cash Equivalents	509,424
Cash and Cash Equivalents - Beginning	<u>81,045</u>
Cash and Cash Equivalents - Ending	<u><u>590,469</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	239,721
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	293,421
Other Expenses - IMRF	(73,673)
(Increase) Decrease in Current Assets	(17,398)
Increase (Decrease) in Current Liabilities	11,282
Net Cash Provided by Operating Activities	<u><u>453,353</u></u>
Noncash Capital and Related Financing Activities	
Capital Contributions	<u><u>115,006</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, 2017**

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	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 387,594
Investments	
U.S. Treasuries	1,476,813
U.S. Agencies	400,706
Corporate Bonds	1,982,002
State and Local Obligations	49,923
Mutual Funds	3,239,334
Receivables	
Accrued Interest	22,135
Accounts	<u>259</u>
Total Assets	<u>7,558,766</u>
<b>LIABILITIES</b>	
Accounts Payable	2,104
Due to Other Funds	<u>1,313</u>
Total Liabilities	<u>3,417</u>
<b>NET POSITION</b>	
Net Position Restricted for Pensions	<u><u>7,555,349</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, 2017**

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	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 940,185
Contributions - Employee	78,082
Contributions - Other	45
Total Contributions	<u>1,018,312</u>
Investment Income	
Interest Income	259,899
Net Change in Fair Value	<u>346,414</u>
	606,313
Less Investment Expenses	<u>(26,209)</u>
Net Investment Income	<u>580,104</u>
Total Additions	<u>1,598,416</u>
Deductions	
Administration	9,580
Benefits and Refunds	<u>713,772</u>
Total Deductions	<u>723,352</u>
Change in Fiduciary Net Position	875,064
Net Position Restricted for Pensions	
Beginning	<u>6,680,285</u>
Ending	<u><u>7,555,349</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, 2017

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### 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, 2017

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### 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, 2017

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### 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:

**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.

# VILLAGE OF KENILWORTH, ILLINOIS

## Notes to the Financial Statements

December 31, 2017

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

#### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

##### Governmental Funds – Continued

**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.

##### 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.

# VILLAGE OF KENILWORTH, ILLINOIS

## Notes to the Financial Statements

December 31, 2017

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

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Fiduciary Funds – Continued

**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.

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.

# VILLAGE OF KENILWORTH, ILLINOIS

## Notes to the Financial Statements

December 31, 2017

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

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

##### 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, 2017

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### 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, 2017**

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**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 (depending on asset class) and an estimated useful life in excess of two years are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition 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, 2017

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### 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.”

# VILLAGE OF KENILWORTH, ILLINOIS

## Notes to the Financial Statements December 31, 2017

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### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### BUDGETARY INFORMATION

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

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

The Board of Trustees may:

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

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

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

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

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

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

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

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.

## VILLAGE OF KENILWORTH, ILLINOIS

### Notes to the Financial Statements

December 31, 2017

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

##### DEPOSITS AND INVESTMENTS

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

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

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

## VILLAGE OF KENILWORTH, ILLINOIS

### Notes to the Financial Statements

December 31, 2017

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

##### DEPOSITS AND INVESTMENTS – Continued

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

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

*Deposits and Investments.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$7,298,021 and the bank balances totaled \$7,334,189. The Village also has \$38,941 invested in the Illinois Funds at year-end, which is measured at the net asset value per share as determined by the pool.

*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. At year-end, the investment in the Illinois Funds has an average maturity of less than one year.

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.

*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 does not have any investments over 5 percent of the total cash and investment portfolio (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, 2017

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

#### DEPOSITS AND INVESTMENTS – Continued

#### Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk - Continued

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires 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 \$387,594 and the bank balances totaled \$387,594.

*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	\$ 1,476,813	299,724	1,177,089	-	-
U.S. Agencies	400,706	-	-	217,694	183,012
Corporate Bonds	1,982,002	502,548	1,479,454	-	-
State and Local Obligations	49,923	49,923	-	-	-
Corporate Bonds	1,982,002	502,548	1,479,454	-	-
	<u>5,891,446</u>	<u>1,354,743</u>	<u>4,135,997</u>	<u>217,694</u>	<u>183,012</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**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 has the following recurring fair value measurements as of December 31, 2017:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 1,476,813	1,476,813	-	-
U.S. Agencies	400,706	-	400,706	-
Corporate Bonds	1,982,002	-	1,982,002	-
State and Local Obligations	49,923	-	49,923	-
Equity Securities				
Mutual Funds	3,239,334	3,239,334	-	-
<b>Total Investments by Fair Value Level</b>	<b>7,148,778</b>	<b>4,716,147</b>	<b>2,432,631</b>	<b>-</b>

*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.

*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.

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**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**

*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 U.S. Agencies are not rated, the State and Local Obligations are rated A2, and the Corporate Bonds are rated Aa1 through Baa3, by Moody’s Investor Service.

*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 \$3,239,334 invested in mutual funds. At year-end, the Fund does not have any investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits.

The following are the target allocation percentages under the policy:

Investment	Minimum	Maximum
Direct U.S. Treasury Securities (Includes STRIPS, CUBES)	0.00 %	100.00 %
Interest Investments, CDs	0.00	30.00
Commercial Paper	0.00	10.00
Investment Pools Established by the State Treasurer	0.00	40.00
Money Market Mutual Funds	0.00	40.00
Equity Investments	0.00	45.00
Government Agency Securities	0.00	80.00
Government Bonds and Warrants	0.00	20.00
Municipal Bonds Rates "A" or Better	0.00	20.00

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	54.00%	3.86%
Equity	44.00%	8.32%
Cash and Cash Equivalents	2.00%	1.05%

## VILLAGE OF KENILWORTH, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### 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

*Concentration Risk Continued.* 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 April of 2018 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, 2017 are listed in the table on the previous page.

##### Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.20%. 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 2016 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, 2017**

**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
<b>Nondepreciable Capital Assets</b>				
Land and Right of Way	\$ 169,931	-	-	169,931
Construction in Progress	-	251,120	-	251,120
	<u>169,931</u>	<u>251,120</u>	<u>-</u>	<u>421,051</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	2,019,134	-	-	2,019,134
Machinery and Equipment	1,089,227	200,468	46,329	1,243,366
Sanitary and Sewer System	4,525,193	49,385	-	4,574,578
Streets	2,317,586	-	-	2,317,586
	<u>9,951,140</u>	<u>249,853</u>	<u>46,329</u>	<u>10,154,664</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	798,949	58,489	-	857,438
Machinery and Equipment	795,400	83,503	46,329	832,574
Sanitary and Sewer System	1,288,702	119,937	-	1,408,639
Streets	7,725	92,703	-	100,428
	<u>2,890,776</u>	<u>354,632</u>	<u>46,329</u>	<u>3,199,079</u>
<b>Total Net Depreciable Capital Assets</b>	<u>7,060,364</u>	<u>(104,779)</u>	<u>-</u>	<u>6,955,585</u>
<b>Total Net Capital Assets</b>	<u>7,230,295</u>	<u>146,341</u>	<u>-</u>	<u>7,376,636</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 25,325
Public Works	279,480
Public Safety	<u>49,827</u>
	<u>354,632</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**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	12,704,335	115,006	-	12,819,341
Machinery and Equipment	390,479	-	44,673	345,806
	<u>13,094,814</u>	<u>115,006</u>	<u>44,673</u>	<u>13,165,147</u>
Less Accumulated Depreciation				
Building	3,522,140	277,134	-	3,799,274
Machinery and Equipment	206,675	16,287	44,673	178,289
	<u>3,728,815</u>	<u>293,421</u>	<u>44,673</u>	<u>3,977,563</u>
Total Net Depreciable Capital Assets	<u>9,365,999</u>	<u>(178,415)</u>	<u>-</u>	<u>9,187,584</u>
Total Net Capital Assets	<u>9,404,647</u>	<u>(178,415)</u>	<u>-</u>	<u>9,226,232</u>

Depreciation expense was charged to business-type as follows:

Waterworks System      \$ 293,421

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Police Pension	\$ 1,313

Interfund balances are advances in anticipation of receipts.

**Interfund Transfers**

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 52,915 (1)
Capital Projects	General	308,621 (2)
Nonmajor Governmental	General Fund	42,604 (3)
Waterworks System	Debt Service	<u>324,808 (1)</u>
		<u><u>728,948</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, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) close the E-911 Fund (nonmajor governmental) into the General Fund at year end.

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**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.	Debt Service	\$ 8,545,000	-	395,000	8,150,000
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	3,060,000	-	180,000	2,880,000
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	785,000	-	385,000	400,000
Taxable General Obligation Limited Bonds of 2016 - Due in one installment of \$594,273 plus interest at 0.98% on December 1, 2017.	Debt Service	594,273	-	594,273	-
General Obligation Limited Bonds of 2017 - Due in one installment of \$590,000 plus interest at 1.95% on December 1, 2018.	Debt Service	-	590,000	-	590,000
		<u>12,984,273</u>	<u>590,000</u>	<u>1,554,273</u>	<u>12,020,000</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**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
<b>Governmental Activities</b>					
Compensated Absences	\$ 102,554	15,232	30,464	87,322	17,464
Net Pension Liability/(Asset)					
IMRF	713,943	-	764,286	(50,343)	-
Police	8,491,014	-	299,919	8,191,095	-
General Obligation Bonds	9,924,273	590,000	1,374,273	9,140,000	1,390,000
Plus: Unamortized Bond Premium	133,000	-	8,000	125,000	-
	<u>19,364,784</u>	<u>605,232</u>	<u>2,476,942</u>	<u>17,493,074</u>	<u>1,407,464</u>
<b>Business-Type Activities</b>					
Compensated Absences	13,005	321	642	12,684	2,537
Net Pension Liability					
IMRF	213,919	-	219,418	(5,499)	-
General Obligation Bonds	3,060,000	-	180,000	2,880,000	185,000
	<u>3,286,924</u>	<u>321</u>	<u>400,060</u>	<u>2,887,185</u>	<u>187,537</u>

For governmental activities, the compensated absences and the net pension liabilities are liquidated by the General Fund. The general obligation bonds are being liquidated by the Debt Service 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, 2017**

**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
2018	\$ 1,390,000	316,010	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>9,140,000</u>	<u>2,922,293</u>	<u>2,880,000</u>	<u>641,250</u>

**Legal Debt Margin**

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

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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

**LONG-TERM DEBT – Continued**

**Legal Debt Margin – Continued**

Assessed Valuation - 2016	<u>\$ 321,843,015</u>
Bonded Debt Limit - 8.625% of Assessed Value	27,758,960
Amount of Debt Applicable to Limit	<u>12,020,000</u>
Legal Debt Margin	<u>15,738,960</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.

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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

**FUND BALANCE/NET POSITION CLASSIFICATIONS – Continued**

**Fund Balance Classifications – Continued**

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

*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		
<b>Fund Balances</b>						
<b>Nonspendable</b>						
Prepays	\$ 148,377	-	-	-	-	148,377
<b>Restricted</b>						
Public Safety	89,645	-	-	-	-	89,645
Debt Service	-	96,383	-	-	-	96,383
Highways and Streets	-	-	-	-	430,601	430,601
	89,645	96,383	-	-	430,601	616,629
<b>Committed</b>						
Tree Replacement	3,942	-	-	-	-	3,942
Sewer Service	-	-	-	-	278,917	278,917
	3,942	-	-	-	278,917	282,859
<b>Assigned</b>						
Capital Projects	1,275,000	-	294,454	1,479,647	-	3,049,101
<b>Unassigned</b>	2,625,187	-	-	-	-	2,625,187
<b>Total Fund Balances</b>	<u>4,142,151</u>	<u>96,383</u>	<u>294,454</u>	<u>1,479,647</u>	<u>709,518</u>	<u>6,722,153</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**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	\$ 7,376,636
Plus: Unspent Bond Proceeds	1,212,220
Less Capital Related Debt:	
General Obligation Bonds of 2013 - Net	(8,275,000)
General Obligation Refunding Bonds of 2015B	(400,000)
General Obligation Limited Bonds of 2017	<u>(590,000)</u>
Net Investment in Capital Assets	<u><u>(676,144)</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	9,226,232
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2015A	<u>(2,880,000)</u>
Net Investment in Capital Assets	<u><u>6,346,232</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, 2017

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#### 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.

##### 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. The Village reports insurance activities within the General Fund and Waterworks System Fund. The Village's total payments for the year ended December 31, 2017 were \$360,191.

## **VILLAGE OF KENILWORTH, ILLINOIS**

### **Notes to the Financial Statements December 31, 2017**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **CONTINGENT LIABILITIES**

###### **Litigation**

The Village is currently not a defendant in any lawsuits.

###### **Grants**

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

###### **Solid Waste Agency of Northern Cook County (SWANCC)**

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

##### **JOINT VENTURES**

###### **Solid Waste Agency of Northern Cook County (SWANCC)**

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

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

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

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.

## VILLAGE OF KENILWORTH, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

##### JOINT VENTURES – Continued

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

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 \$33,298 to SWANCC for the year ended December 31, 2017, which is recorded in the Village’s General Fund.

##### 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](http://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.

## VILLAGE OF KENILWORTH, ILLINOIS

### Notes to the Financial Statements December 31, 2017

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#### NOTE 4 – OTHER INFORMATION – Continued

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

#### 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.

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.

# VILLAGE OF KENILWORTH, ILLINOIS

## Notes to the Financial Statements

December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Plan Descriptions – Continued

*Plan Membership.* As of December 31, 2017, 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	18
Active Plan Members	<u>10</u>
Total	<u><u>45</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. For the year-ended December 31, 2017, the Village's contribution was 25.20% of covered payroll.

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, 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%

# VILLAGE OF KENILWORTH, ILLINOIS

## Notes to the Financial Statements

December 31, 2017

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### NOTE 4 – OTHER INFORMATION – Continued

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

##### Illinois Municipal Retirement Fund (IMRF) – Continued

##### Plan Descriptions – Continued

*Actuarial Assumptions – Continued.* 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	27.00%	3.00%
Domestic Equities	38.00%	6.85%
International Equities	17.00%	6.75%
Real Estate	8.00%	5.75%
Blended	9.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements**

**December 31, 2017**

**NOTE 4 – OTHER INFORMATION – Continued**

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

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate as well as what the Village's net pension liability/(asset) 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	\$ 777,251	(55,842)	(757,154)

**Changes in the Net Pension Liability/(Asset)**

	Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Balances at December 31, 2016	\$ 7,666,987	6,739,125	927,862
Changes for the Year:			
Service Cost	97,329	-	97,329
Interest on the Total Pension Liability	561,036	-	561,036
Difference Between Expected and Actual Experience of the Total Pension Liability	(32,536)	-	(32,536)
Changes of Assumptions	(254,726)	-	(254,726)
Contributions - Employer	-	206,021	(206,021)
Contributions - Employees	-	36,785	(36,785)
Net Investment Income	-	1,241,516	(1,241,516)
Benefit Payments, including Refunds of Employee Contributions	(470,337)	(470,337)	-
Other (Net Transfer)	-	(129,515)	129,515
Net Changes	(99,234)	884,470	(983,704)
Balances at December 31, 2017	7,567,753	7,623,595	(55,842)

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

**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, 2017, the Village recognized pension expense of \$175,399. At December 31, 2017, 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	\$ 17,855	(21,723)	(3,868)
Change in Assumptions	729	(180,034)	(179,305)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>222,579</u>	<u>(599,577)</u>	<u>(376,998)</u>
Total Deferred Amounts Related to IMRF	<u><u>241,163</u></u>	<u><u>(801,334)</u></u>	<u><u>(560,171)</u></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 (Inflows) of Resources
2018	\$ (120,786)
2019	(146,595)
2020	(142,895)
2021	(149,895)
2022	-
Thereafter	<u>-</u>
Total	<u><u>(560,171)</u></u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**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, 2017, 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>8</u>
Total	<u><u>20</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, 2017

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#### 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 1<sup>st</sup> 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 or 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, 2017, the Village's contribution was 124.84% of covered payroll.

*Concentrations.* At year-end, the Pension Plan does not have any investments over 5 percent of net position restricted for benefits (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, 2017**

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**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, 2017, 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	4.00% - 11.00%
Cost of Living Adjustments	1.25% - 3.00%
Inflation	2.50%

Mortality rates are based on the RP-2000 combined healthy mortality projected to the valuation date using scale BB.

**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, 2017**

**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	\$ 10,529,173	8,191,095	6,297,225

**Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 15,171,299	6,680,285	8,491,014
Changes for the Year:			
Service Cost	292,789	-	292,789
Interest on the Total Pension Liability	906,432	-	906,432
Difference Between Expected and Actual Experience of the Total Pension Liability	251,572	-	251,572
Changes of Assumptions	(161,876)	-	(161,876)
Contributions - Employer	-	940,230	(940,230)
Contributions - Employees	-	78,082	(78,082)
Net Investment Income	-	580,104	(580,104)
Benefit Payments, including Refunds of Employee Contributions	(713,772)	(713,772)	-
Administrative Expense	-	(9,580)	9,580
Net Changes	575,145	875,064	(299,919)
Balances at December 31, 2017	15,746,444	7,555,349	8,191,095

**VILLAGE OF KENILWORTH, ILLINOIS**

**Notes to the Financial Statements  
December 31, 2017**

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**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, 2017, the Village recognized pension expense of \$1,002,298. At December 31, 2017, 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	\$ 246,894	(82,858)	164,036
Change in Assumptions	524,314	(285,743)	238,571
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	114,142	-	114,142
Total Deferred Amounts Related to Police Pension	<u>885,350</u>	<u>(368,601)</u>	<u>516,749</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/ (Inflows) of Resources
2018	\$ 281,258
2019	250,591
2020	18,985
2021	(34,085)
2022	-
Thereafter	-
Total	<u>516,749</u>

## VILLAGE OF KENILWORTH, ILLINOIS

### Notes to the Financial Statements

December 31, 2017

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#### 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, 2017.

## **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, 2017**

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Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 131,241	\$ 131,241	\$ -	\$ 995,754	13.18%
2016	130,995	130,995	-	960,374	13.64%
2017	106,022	206,021	99,999	817,438	25.20%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 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. Information for additional years will be displayed as it becomes available.

**VILLAGE OF KENILWORTH, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Employer Contributions  
December 31, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered 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%
2017	701,151	940,230	239,079	753,126	124.84%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	4.00% - 11.00%
Investment Rate of Return	6.00%
Retirement Age	50-70
Mortality	RP-2000 combined healthy mortality projected to the valuation date using scale BB

Note:

This schedule is intended to show information for ten years. Information for additional years 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, 2017**

	2015	2016	2017
Total Pension Liability			
Service Cost	\$ 108,893	106,764	97,329
Interest	525,468	546,105	561,036
Differences Between Expected and Actual Experience	83,440	26,778	(32,536)
Change of Assumptions	8,517	(24,894)	(254,726)
Benefit Payments, Including Refunds of Member Contributions	(389,108)	(490,052)	(470,337)
Net Change in Total Pension Liability	337,210	164,701	(99,234)
Total Pension Liability - Beginning	7,165,076	7,502,286	7,666,987
Total Pension Liability - Ending	7,502,286	7,666,987	7,567,753
Plan Fiduciary Net Position			
Contributions - Employer	\$ 131,241	130,995	206,021
Contributions - Members	44,809	43,217	36,785
Net Investment Income	31,947	440,195	1,241,516
Benefit Payments, Including Refunds of Member Contributions	(389,108)	(490,052)	(470,337)
Other (Net Transfer)	171,024	128,981	(129,515)
Net Change in Plan Fiduciary Net Position	(10,087)	253,336	884,470
Plan Net Position - Beginning	6,495,876	6,485,789	6,739,125
Plan Net Position - Ending	6,485,789	6,739,125	7,623,595
Employer's Net Pension Liability	\$ 1,016,497	927,862	(55,842)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	87.90%	100.74%
Covered Payroll	\$ 995,754	960,374	817,438
Employer's Net Pension Liability as a Percentage of Covered Payroll	102.08%	96.61%	(6.83%)

Note:

This schedule is intended to show information for ten years. Information for additional years 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, 2017**

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 214,682	222,015	281,164	292,789
Interest	738,778	777,621	905,465	906,432
Differences Between Expected and Actual Experience	521,142	150,138	(165,716)	251,572
Change of Assumptions	810,192	1,352,185	(328,672)	(161,876)
Benefit Payments, Including Refunds of Member Contributions	(737,524)	(643,012)	(661,739)	(713,772)
Net Change in Total Pension Liability	1,547,270	1,858,947	30,502	575,145
Total Pension Liability - Beginning	11,734,580	13,281,850	15,140,797	15,171,299
Total Pension Liability - Ending	13,281,850	15,140,797	15,171,299	15,746,444
Plan Fiduciary Net Position				
Contributions - Employer	\$ 355,989	800,144	705,980	940,230
Contributions - Members	123,705	79,967	81,078	78,082
Net Investment Income	238,390	(21,806)	230,299	580,104
Benefit Payments, Including Refunds of Member Contributions	(737,524)	(643,012)	(661,739)	(713,772)
Administrative Expense	(6,514)	(9,940)	(9,702)	(9,580)
Net Change in Plan Fiduciary Net Position	(25,954)	205,353	345,916	875,064
Plan Net Position - Beginning	6,154,970	6,129,016	6,334,369	6,680,285
Plan Net Position - Ending	6,129,016	6,334,369	6,680,285	7,555,349
Employer's Net Pension Liability	\$ 7,152,834	8,806,428	8,491,014	8,191,095
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.15%	41.84%	44.03%	47.98%
Covered Payroll	\$ 795,925	866,420	818,112	753,126
Employer's Net Pension Liability as a Percentage of Covered Payroll	898.68%	1016.42%	1037.88%	1087.61%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

**VILLAGE OF KENILWORTH, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Investment Returns  
December 31, 2017**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	4.24%
2015	(0.03%)
2016	4.13%
2017	9.20%

Note:

This schedule is intended to show information for ten years. Information for additional years 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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 3,310,769	3,315,969	3,281,885
Intergovernmental	1,200	1,200	1,200
Charges for Services	358,330	358,330	385,067
Licenses and Permits	515,000	559,000	581,212
Fines and Forfeitures	32,900	32,900	33,897
Interest Income	6,500	37,000	46,107
Miscellaneous	74,000	86,900	123,507
Total Revenues	<u>4,298,699</u>	<u>4,391,299</u>	<u>4,452,875</u>
Expenditures			
Current			
General Government	821,906	921,906	866,327
Public Works	216,059	216,059	201,817
Public Safety	2,705,356	3,005,356	2,810,025
Highways and Streets	506,134	506,134	419,331
Culture and Recreation	35,321	35,321	34,355
Capital Outlay	26,595	26,595	15,925
Total Expenditures	<u>4,311,371</u>	<u>4,711,371</u>	<u>4,347,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,672)</u>	<u>(320,072)</u>	<u>105,095</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	8,265	8,265
Transfers In	52,915	52,915	52,915
Transfers Out	-	(308,621)	(351,225)
	<u>52,915</u>	<u>(247,441)</u>	<u>(290,045)</u>
Net Change in Fund Balance	<u>40,243</u>	<u>(567,513)</u>	(184,950)
Fund Balance - Beginning			<u>4,327,101</u>
Fund Balance - Ending			<u>4,142,151</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**

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## **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.

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## **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.

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## **SPECIAL REVENUE FUNDS**

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

### **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.

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## **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**

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## **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.

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## **ENTERPRISE FUND**

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

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## **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.

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**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes	\$ 2,706,500	2,658,000	2,676,750
<b>Other Taxes</b>			
Replacement Taxes	30,669	30,669	35,538
State Sales Taxes	44,000	44,000	39,834
State Income Taxes	240,000	271,000	230,817
Local Use Tax	42,000	64,700	64,390
Utility Tax	236,000	236,000	221,495
Vehicle Tax	1,600	1,600	642
Miscellaneous Tax	10,000	10,000	12,419
	604,269	657,969	605,135
<b>Total Taxes</b>	<b>3,310,769</b>	<b>3,315,969</b>	<b>3,281,885</b>
<b>Intergovernmental</b>			
State Grants	1,200	1,200	1,200
<b>Charges for Services</b>			
Ambulance User Fees	24,500	24,500	24,684
Elevator User Fees	530	530	450
Beach Fees	33,000	33,000	35,065
Fire and Burglar Alarm Fees	9,000	9,000	9,320
Yard Waste Stickers	10,000	10,000	10,706
Special Duty Detail	4,500	4,500	13,960
Waste Collections	142,200	142,200	137,430
Antenna Lease Fee	125,500	125,500	135,878
Kenilworth Park District Fees	7,000	7,000	16,448
Miscellaneous Fees	2,100	2,100	1,126
<b>Total Charges for Services</b>	<b>358,330</b>	<b>358,330</b>	<b>385,067</b>

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Licenses and Permits			
Licenses			
Vehicle License	\$ 124,000	124,000	126,316
Animal License	1,800	1,800	2,102
Liquor License	-	-	295
	<u>125,800</u>	<u>125,800</u>	<u>128,713</u>
Permits			
Building	320,000	364,000	363,677
Parking	34,000	34,000	40,773
Tree Permits	500	500	1,500
Filing Fees	3,700	3,700	4,200
Zoning Review	6,000	6,000	6,450
Plan Review	25,000	25,000	35,899
	<u>389,200</u>	<u>433,200</u>	<u>452,499</u>
Total Licenses and Permits	<u>515,000</u>	<u>559,000</u>	<u>581,212</u>
Fines and Forfeitures			
Circuit Court Fees	2,500	2,500	3,107
DUI Fines	400	400	716
Village Ordinance Fines	30,000	30,000	30,074
	<u>32,900</u>	<u>32,900</u>	<u>33,897</u>
Total Fines and Forfeitures	<u>32,900</u>	<u>32,900</u>	<u>33,897</u>
Interest Income	<u>6,500</u>	<u>37,000</u>	<u>46,107</u>
Miscellaneous			
Cable Television Franchise Fees	50,000	50,000	54,203
IRMA Insurance Proceeds	8,000	20,900	38,845
Other Income	16,000	16,000	30,459
	<u>74,000</u>	<u>86,900</u>	<u>123,507</u>
Total Miscellaneous	<u>74,000</u>	<u>86,900</u>	<u>123,507</u>
Total Revenues	<u>4,298,699</u>	<u>4,391,299</u>	<u>4,452,875</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Personnel			
Salaries			
Regular	\$ 295,277	295,277	288,862
Merit - Vacation Buy Back	3,000	27,000	31,913
Employee Benefits			
Medical	32,586	32,586	32,501
Dental	2,711	2,711	2,672
Life	834	834	814
Other Benefits	62,230	162,230	163,365
	<u>396,638</u>	<u>520,638</u>	<u>520,127</u>
Contractual Services			
Auditing	18,500	18,500	20,300
J.U.L.I.E. Fees	1,418	1,418	1,417
Plan Review and Inspections	49,700	49,700	48,665
Printing and Publishing	5,500	5,500	7,760
Telephone	3,000	3,000	4,140
Cell Phone	875	875	898
Miscellaneous	2,490	2,490	3,089
Professional Fees	98,250	68,250	44,617
Postage	3,450	3,450	2,768
Dues, Memberships and Subscriptions	9,735	9,735	9,488
Repair and Maintenance - Computer Equipment	800	800	270
Repair and Maintenance - Vehicles/Equipment	500	500	143
	<u>194,218</u>	<u>164,218</u>	<u>143,555</u>
Commodities			
Office Supplies	2,500	2,500	1,266
Other Supplies	1,250	1,250	2,129
	<u>3,750</u>	<u>3,750</u>	<u>3,395</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Other Expenditures			
Fuel	\$ 150	150	-
Recruitment and Training	600	600	516
Miscellaneous	4,550	4,550	1,697
Uncollectible Accounts	-	-	258
Auto Allowance	4,800	4,800	4,800
	<u>10,100</u>	<u>10,100</u>	<u>7,271</u>
Total Administrative	<u>604,706</u>	<u>698,706</u>	<u>674,348</u>
Support Services			
Insurance - Liability and Workers' Compensation	142,000	148,000	124,235
Village Attorney	69,000	69,000	60,967
Village Prosecutor	3,500	3,500	4,173
Maintenance of Office Equipment	1,000	1,000	755
Internet Service	1,700	1,700	1,849
	<u>217,200</u>	<u>223,200</u>	<u>191,979</u>
Total Support Services	<u>217,200</u>	<u>223,200</u>	<u>191,979</u>
Total General Government	<u>821,906</u>	<u>921,906</u>	<u>866,327</u>
Public Works			
Building and Grounds			
Personnel			
Salaries			
Maintenance	13,833	13,833	11,696
Overtime	850	850	101
Merit - Vacation Buy Back	175	175	-
Employee Benefits			
Medical	3,382	3,382	2,959
Dental	284	284	239
Other Benefits	3,053	3,053	2,395
	<u>21,577</u>	<u>21,577</u>	<u>17,390</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Building and Grounds - Continued			
Contractual Services			
Outside Maintenance	\$ 21,470	21,470	22,211
Commodities			
Building Repairs - Village Hall	6,000	6,000	4,895
Building Repairs - Public Works	5,000	5,000	2,524
Janitorial Supplies	1,800	1,800	1,526
Maintenance and Other Supplies	1,500	1,500	1,831
Heating, Electric and Water Utilities	2,250	2,250	1,643
	16,550	16,550	12,419
Total Building and Grounds	59,597	59,597	52,020
Waste Removal			
Personnel			
Salaries			
Regular	46,194	46,194	46,024
Merit - Vacation Buy Back	610	610	4,285
Employee Benefits			
Medical	4,816	4,816	4,825
Dental	417	417	418
Other Benefits	9,650	9,650	9,956
	61,687	61,687	65,508
Contractual Services			
Waste Dumping	44,400	44,400	33,298
Leaf Pickup	11,375	11,375	11,340
	55,775	55,775	44,638
Total Waste Removal	117,462	117,462	110,146

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Public Works - Continued			
Forestry			
Contractual Services			
Professional Services	\$ 1,000	1,000	97
Tree Planting Program	7,000	7,000	8,874
Tree Removal and Trimming	30,000	30,000	29,879
	<u>38,000</u>	<u>38,000</u>	<u>38,850</u>
Commodities			
Maintenance & Construction Supplies	1,000	1,000	801
	<u>39,000</u>	<u>39,000</u>	<u>39,651</u>
Total Forestry	<u>39,000</u>	<u>39,000</u>	<u>39,651</u>
Total Public Works	<u>216,059</u>	<u>216,059</u>	<u>201,817</u>
Public Safety			
Police Department			
Personnel			
Salaries			
Regular	939,659	906,659	842,797
Police Pension Contributions	712,000	1,012,000	940,185
Overtime	56,500	56,500	49,912
Merit - Vacation Buy Back	17,751	50,751	55,695
Part-Time	127,921	127,921	120,286
Employee Benefits			
Medical	159,633	159,633	141,523
Dental	13,881	13,881	11,642
Life	1,770	1,770	1,590
Other Benefits	52,764	52,764	42,864
	<u>2,081,879</u>	<u>2,381,879</u>	<u>2,206,494</u>
Contractual Services			
Maintenance - Office Equipment	500	500	179
Printing and Publishing	1,500	1,500	733
Telephone	3,500	3,500	3,171

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Contractual Services - Continued			
Cell Phone	\$ 4,400	4,400	3,726
Outside Maintenance Service	600	600	360
Criminal Justice Connectivity	5,700	5,700	5,136
Animal Control and Health Official	500	500	-
Postage	600	600	343
Dues, Memberships and Subscriptions	7,800	7,800	7,265
Municipal Partnerships	18,800	18,800	18,215
Repair and Maintenance - Computer Equipment	1,000	1,000	199
Repair and Maintenance - Vehicles/Equipment	10,589	10,589	13,625
	<u>55,489</u>	<u>55,489</u>	<u>52,952</u>
Commodities			
Office Supplies	2,700	2,700	2,467
Other Supplies	9,700	9,700	7,820
Uniforms	5,600	5,600	5,228
	<u>18,000</u>	<u>18,000</u>	<u>15,515</u>
Other Expenditures			
Fuel	14,000	14,000	10,559
Recruitment and Training	8,000	8,000	5,600
Miscellaneous	7,200	7,200	2,057
Auto Allowance	4,800	4,800	4,800
Community Service	3,000	3,000	2,919
	<u>37,000</u>	<u>37,000</u>	<u>25,935</u>
Total Police Department	<u>2,192,368</u>	<u>2,492,368</u>	<u>2,300,896</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department			
Personnel			
Salaries			
Regular	\$ 12,179	12,179	12,620
Merit - Vacation Buy Back	-	-	70
Employee Benefits			
Medical	1,963	1,963	1,963
Dental	169	169	169
Other Benefits	177	177	180
	<u>14,488</u>	<u>14,488</u>	<u>15,002</u>
Contractual Services			
Miscellaneous Services	-	-	1,297
Fire Protection	498,500	498,500	492,830
	<u>498,500</u>	<u>498,500</u>	<u>494,127</u>
Total Fire Department	<u>512,988</u>	<u>512,988</u>	<u>509,129</u>
Total Public Safety	<u>2,705,356</u>	<u>3,005,356</u>	<u>2,810,025</u>
Highways and Streets			
Street Department			
Personnel			
Salaries			
Regular	198,376	169,726	167,221
Overtime	11,050	11,050	1,318
Merit - Vacation Buy Back	2,025	2,025	387
Part-Time	-	9,000	9,375
Employee Benefits			
Medical	46,007	46,007	40,577
Dental	3,873	3,873	3,302
Life	281	281	206
Other Benefits	43,744	43,744	35,318
	<u>305,356</u>	<u>285,706</u>	<u>257,704</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
Street Department - Continued			
Contractual Services			
Telephone	\$ 1,220	1,220	1,239
Cell Phone	900	900	1,671
Maintenance - Office Equipment	200	200	-
Outside Maintenance	67,500	67,500	52,608
Repair and Maintenance - Vehicles/Equipment	11,000	11,000	13,777
Signs - Traffic and Streets	4,000	4,000	2,902
Equipment Rental	400	400	85
Dues, Memberships and Subscriptions	300	300	160
	<u>85,520</u>	<u>85,520</u>	<u>72,442</u>
Commodities			
Office Supplies	300	300	212
Other Supplies	2,400	2,400	1,819
Heating, Electric and Water Utilities	1,500	1,500	1,256
Maintenance Supplies	8,000	8,000	10,342
Snow Removal Supplies	33,070	33,070	12,199
Uniforms	1,300	1,300	1,141
Safety Equipment	500	500	90
	<u>47,070</u>	<u>47,070</u>	<u>27,059</u>
Other Expenditures			
Fuel	8,000	8,000	3,737
Recruitment and Training	1,600	8,650	8,631
Auto Allowance	2,400	2,400	-
Miscellaneous Expenditure	200	200	12
	<u>12,200</u>	<u>19,250</u>	<u>12,380</u>
Total Street Department	<u>450,146</u>	<u>437,546</u>	<u>369,585</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
Street Lighting			
Personnel			
Salaries			
Regular	\$ 13,833	13,833	11,696
Overtime	850	850	101
Merit - Vacation Buy Back	175	175	-
Employee Benefits			
Medical	3,382	3,382	2,959
Dental	284	284	240
Other Benefits	3,064	3,064	2,395
	<u>21,588</u>	<u>21,588</u>	<u>17,391</u>
Contractual Services			
Repairs and Maintenance	5,500	5,500	6,555
Equipment Rental	1,500	1,500	90
	<u>7,000</u>	<u>7,000</u>	<u>6,645</u>
Commodities			
Other Supplies	7,000	19,600	19,363
Heating, Electric and Water Utilities	20,000	20,000	6,161
	<u>27,000</u>	<u>39,600</u>	<u>25,524</u>
Other Expenditures			
Fuel	400	400	186
	<u>400</u>	<u>400</u>	<u>186</u>
Total Street Lighting	<u>55,988</u>	<u>68,588</u>	<u>49,746</u>
Total Highways and Streets	<u>506,134</u>	<u>506,134</u>	<u>419,331</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Beach			
Personnel			
Salaries			
Part-Time	\$ 25,000	25,000	25,018
Employee Benefits			
Other Benefits	2,051	2,051	2,052
	<u>27,051</u>	<u>27,051</u>	<u>27,070</u>
Contractual Services			
Printing and Publishing	650	650	620
Telephone	520	520	531
Miscellaneous	4,500	4,500	4,465
Laboratory Services	1,200	1,200	637
Equipment Rental	500	500	78
	<u>7,370</u>	<u>7,370</u>	<u>6,331</u>
Commodities			
Other Supplies	800	800	874
Other Expenditures			
Recruitment and Training	100	100	80
	<u>100</u>	<u>100</u>	<u>80</u>
Total Culture and Recreation	<u>35,321</u>	<u>35,321</u>	<u>34,355</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Capital Outlay			
General Government			
Software	\$ 18,650	18,650	11,520
Computer Equipment	2,700	2,700	981
Office Furniture	545	545	-
	<u>21,895</u>	<u>21,895</u>	<u>12,501</u>
Public Works			
Building and Grounds			
Machinery and Equipment	350	350	122
Public Safety			
Police Department			
Vehicle Fund Expense	1,200	1,200	1,400
Office Furniture	500	500	-
Machinery and Equipment	1,000	1,000	-
Software	500	500	-
Computer Equipment	500	500	219
	<u>3,700</u>	<u>3,700</u>	<u>1,619</u>
Highways and Streets			
Street Department			
Machinery and Equipment	500	500	1,638
Culture and Recreation			
Beach			
Machinery and Equipment	150	150	45
	<u>26,595</u>	<u>26,595</u>	<u>15,925</u>
Total Capital Outlay	<u>26,595</u>	<u>26,595</u>	<u>15,925</u>
Total Expenditures	<u>4,311,371</u>	<u>4,711,371</u>	<u>4,347,780</u>

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, 2017

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 1,707,638	1,707,638	1,725,383
Interest Income	1,900	1,900	10,587
Total Revenues	<u>1,709,538</u>	<u>1,709,538</u>	<u>1,735,970</u>
Expenditures			
Debt Service			
Principal Retirement	1,374,000	1,374,000	1,374,273
Interest and Fiscal Charges	335,588	335,588	335,314
Total Expenditures	<u>1,709,588</u>	<u>1,709,588</u>	<u>1,709,587</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50)	(50)	26,383
Other Financing (Uses)			
Transfers Out	<u>-</u>	<u>(324,808)</u>	<u>(324,808)</u>
Net Change in Fund Balance	<u>(50)</u>	<u>(324,858)</u>	(298,425)
Fund Balance - Beginning			<u>394,808</u>
Fund Balance - Ending			<u><u>96,383</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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Interest Income	\$ 300	300	863
Miscellaneous	-	-	1,023
Total Revenues	<u>300</u>	<u>300</u>	<u>1,886</u>
Expenditures			
Capital Outlay	594,000	1,047,142	808,487
Debt Service			
Interest and Fiscal Charges	-	-	10,000
Total Expenditures	<u>594,000</u>	<u>1,047,142</u>	<u>818,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(593,700)</u>	<u>(1,046,842)</u>	<u>(816,601)</u>
Other Financing Sources			
Debt Issuance	594,000	594,000	590,000
Transfers In	-	308,621	308,621
	<u>594,000</u>	<u>902,621</u>	<u>898,621</u>
Net Change in Fund Balance	<u>300</u>	<u>(144,221)</u>	82,020
Fund Balance - Beginning			<u>212,434</u>
Fund Balance - Ending			<u><u>294,454</u></u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**2023 Capital Infrastructure Improvement - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

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	Budget		Actual
	Original	Final	
Revenues			
Interest Income	2,000	10,300	13,342
Miscellaneous	-	112,328	112,328
Total Revenues	2,000	122,628	125,670
Expenditures			
Capital Outlay	85,300	166,400	152,533
Net Change in Fund Balance	<u>(83,300)</u>	<u>(43,772)</u>	(26,863)
Fund Balance - Beginning			<u>1,506,510</u>
Fund Balance - Ending			<u>1,479,647</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**Nonmajor Governmental - Special Revenue Funds**

**Combining Balance Sheet  
December 31, 2017**

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	Sewer Service	Motor Fuel Tax	E-911	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 252,117	424,594	-	676,711
Receivables - Net of Allowances Accounts	26,800	6,007	-	32,807
Total Assets	<u>278,917</u>	<u>430,601</u>	-	<u>709,518</u>
<b>FUND BALANCES</b>				
Restricted	-	430,601	-	430,601
Committed	278,917	-	-	278,917
Total Fund Balances	<u>278,917</u>	<u>430,601</u>	-	<u>709,518</u>

**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, 2017**

	Sewer Service	Motor Fuel Tax	E-911	Totals
<b>Revenues</b>				
Intergovernmental	\$ -	64,098	47,065	111,163
Charges for Services	95,575	-	64,881	160,456
Interest Income	2,657	3,827	568	7,052
Total Revenues	<u>98,232</u>	<u>67,925</u>	<u>112,514</u>	<u>278,671</u>
<b>Expenditures</b>				
Current				
Public Works	21,865	-	-	21,865
Public Safety	-	-	148,313	148,313
Highways and Streets	-	2,575	-	2,575
Capital Outlay	2,058	-	167,500	169,558
Total Expenditures	<u>23,923</u>	<u>2,575</u>	<u>315,813</u>	<u>342,311</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>74,309</u>	<u>65,350</u>	<u>(203,299)</u>	<u>(63,640)</u>
<b>Other Financing (Uses)</b>				
Transfer In	-	-	42,604	42,604
Transfers Out	(52,915)	-	-	(52,915)
	<u>(52,915)</u>	<u>-</u>	<u>42,604</u>	<u>(10,311)</u>
Net Change in Fund Balances	21,394	65,350	(160,695)	(73,951)
Fund Balances - Beginning	<u>257,523</u>	<u>365,251</u>	<u>160,695</u>	<u>783,469</u>
Fund Balances - Ending	<u><u>278,917</u></u>	<u><u>430,601</u></u>	<u><u>-</u></u>	<u><u>709,518</u></u>

**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, 2017**

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Charges for Services			
Sewer Charges	\$ 82,500	82,500	95,575
Interest Income	450	450	2,657
Total Revenues	<u>82,950</u>	<u>82,950</u>	<u>98,232</u>
<b>Expenditures</b>			
Public Works			
Outside Maintenance Services	21,000	21,000	10,611
Repair and Maintenance - Vehicles/Equipment	1,000	1,000	393
Engineering	11,000	11,000	7,900
Other Supplies	150	150	113
Maintenance and Construction Supplies	1,950	1,950	1,848
Permit Fee	1,000	1,000	1,000
Capital Outlay	6,500	6,500	2,058
Total Expenditures	<u>42,600</u>	<u>42,600</u>	<u>23,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,350	40,350	74,309
Other Financing (Uses)			
Transfers Out	<u>(52,915)</u>	<u>(52,915)</u>	<u>(52,915)</u>
Net Change in Fund Balance	<u>(12,565)</u>	<u>(12,565)</u>	21,394
Fund Balance - Beginning			<u>257,523</u>
Fund Balance - Ending			<u><u>278,917</u></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, 2017**

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	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Allotment	\$ 58,000	58,000	64,098
Interest Income	600	600	3,827
Total Revenues	<u>58,600</u>	<u>58,600</u>	<u>67,925</u>
Expenditures			
Highways and Streets	<u>27,000</u>	<u>27,000</u>	<u>2,575</u>
Net Change in Fund Balance	<u>31,600</u>	<u>31,600</u>	65,350
Fund Balance - Beginning			<u>365,251</u>
Fund Balance - Ending			<u>430,601</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, 2017**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Surcharge Revenue	\$ -	44,402	64,881
Intergovernmental			
State Grants	-	67,325	47,065
Interest Income	-	-	568
Total Revenues	-	111,727	112,514
Expenditures			
Public Safety			
Telephone	17,480	17,480	13,899
Outside Maintenance Service	18,727	18,727	17,692
Professional Services	80,154	117,154	116,722
Miscellaneous	1,137	1,137	-
Capital Outlay	140,000	167,500	167,500
Total Expenditures	257,498	321,998	315,813
Excess (Deficiency) of Revenues Over (Under) Expenditures	(257,498)	(210,271)	(203,299)
Other Financing Sources			
Transfers In	-	-	42,604
Net Change in Fund Balance	<u>(257,498)</u>	<u>(210,271)</u>	(160,695)
Fund Balance - Beginning			<u>160,695</u>
Fund Balance - Ending			<u><u>-</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, 2017**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 990,000	1,025,000	1,026,038
Miscellaneous	3,500	19,413	30,819
Total Operating Revenues	993,500	1,044,413	1,056,857
Operating Expenses			
Operations			
Personnel	226,667	239,367	144,493
Contractual Services	366,490	344,650	311,208
Commodities	53,925	63,025	61,795
Other Expenses	20,400	20,400	6,219
Depreciation and Amortization	-	-	293,421
Total Operating Expenses	667,482	667,442	817,136
Operating Income	326,018	376,971	239,721
Nonoperating Revenues (Expenses)			
Interest Income	175	175	3,088
Interest and Fiscal Charges	(92,275)	(92,275)	(91,825)
	(92,100)	(92,100)	(88,737)
Income Before Contributions and Transfers	233,918	284,871	150,984
Capital Contributions	-	-	115,006
Transfers In	-	324,808	324,808
	-	324,808	439,814
Change in Net Position	233,918	609,679	590,798
Net Position - Beginning			6,443,917
Net Position - Ending			7,034,715

**VILLAGE OF KENILWORTH, ILLINOIS**

**Waterworks System - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operations			
Personnel			
Salaries			
Regular	\$ 157,741	157,741	145,388
Overtime	4,250	4,250	507
Merit - Vacation Buy Back	2,025	10,225	10,187
Part-Time	-	4,500	4,261
Employee Benefits			
Medical	26,234	26,234	24,109
Dental	2,221	2,221	2,014
Life	233	233	232
Other Benefits	33,963	33,963	(42,205)
Total Personnel	226,667	239,367	144,493
Contractual Services			
Village Attorney	5,000	5,000	766
Printing and Publishing	1,000	1,000	325
Telephone and Internet	2,750	2,750	3,154
Outside Maintenance	7,600	7,600	8,779
Equipment Maintenance	1,000	5,950	5,883
Laboratory Services	1,000	1,000	1,923
Professional Services	5,850	9,850	11,989
Postage	1,700	1,700	1,791
Dues, Memberships and Subscriptions	300	300	-
Equipment Rental	250	250	318
Miscellaneous Services	3,350	3,350	2,871
Engineering	5,000	5,000	-
Repairs and Maintenance - Computer Equipment	3,000	3,000	-
Repairs and Maintenance - Vehicles/Equipment	1,500	1,500	848
Repairs and Maintenance - Hydrant/Valve	2,000	2,000	38
Repairs and Maintenance - Water Mains	45,000	45,000	45,582
Purchase of Potable Water	280,190	249,400	226,941
Total Contractual Services	366,490	344,650	311,208

**VILLAGE OF KENILWORTH, ILLINOIS**

**Waterworks System - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual - Continued  
For the Fiscal Year Ended December 31, 2017**

	Budget		Actual
	Original	Final	
Operations - Continued			
Commodities			
Janitorial Supplies	\$ 125	125	-
Office Supplies	100	100	-
Other Supplies	300	300	159
Maintenance Supplies	33,200	36,200	36,153
Heating, Electric and Water Utilities	17,900	24,000	22,905
Uniforms	1,300	1,300	1,229
Chemicals	1,000	1,000	1,349
Total Commodities	53,925	63,025	61,795
Other Expenses			
Auto Allowance	2,400	2,400	-
Fuel	3,000	3,000	1,400
Recruitment and Training	2,000	2,000	774
Machinery and Equipment	13,000	13,000	3,206
Miscellaneous	-	-	839
Total Other Expenses	20,400	20,400	6,219
Depreciation and Amortization	-	-	293,421
Debt Service			
Principal Retirement	180,000	180,000	180,000
Interest and Fiscal Charges	92,275	92,275	91,825
	272,275	272,275	271,825
Less Nonoperating Items			
Debt Service	(272,275)	(272,275)	(271,825)
Total Debt Service	-	-	-
Total Operating Expenses	667,482	667,442	817,136

**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, 2017**

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 712,000	1,012,000	940,185
Contributions - Employee	80,000	80,000	78,082
Contributions - Other	-	-	45
Total Contributions	<u>792,000</u>	<u>1,092,000</u>	<u>1,018,312</u>
<b>Investment Income</b>			
Interest Income	70,000	70,000	259,899
Net Change in Fair Value	-	-	346,414
	<u>70,000</u>	<u>70,000</u>	<u>606,313</u>
Less Investment Expenses	(24,600)	(24,600)	(26,209)
Net Investment Income	<u>45,400</u>	<u>45,400</u>	<u>580,104</u>
Total Additions	<u>837,400</u>	<u>1,137,400</u>	<u>1,598,416</u>
<b>Deductions</b>			
Administration	13,325	13,325	9,580
Benefits and Refunds	684,657	717,757	713,772
Total Deductions	<u>697,982</u>	<u>731,082</u>	<u>723,352</u>
Change in Fiduciary Net Position	<u>139,418</u>	<u>406,318</u>	875,064
<b>Net Position Restricted for Pensions</b>			
Beginning			<u>6,680,285</u>
Ending			<u>7,555,349</u>

## **SUPPLEMENTAL SCHEDULES**

**VILLAGE OF KENILWORTH, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**General Obligation Bonds of 2013**

**December 31, 2017**

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
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>8,150,000</u>	<u>2,895,619</u>	<u>11,045,619</u>		<u>1,451,755</u>		<u>1,443,864</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**General Obligation (Alternate Revenue Source) Refunding Bonds of 2015A  
December 31, 2017**

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
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>2,880,000</u>	<u>641,250</u>	<u>3,521,250</u>		<u>320,625</u>		<u>320,625</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**General Obligation Refunding Bonds of 2015B  
December 31, 2017**

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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
2018	<u>\$ 400,000</u>	<u>16,000</u>	<u>416,000</u>	2018	<u>8,000</u>	2018	<u>8,000</u>

**VILLAGE OF KENILWORTH, ILLINOIS**

**Schedule of Long-Term Debt Requirements**

**General Obligation Limited Bonds of 2017  
December 31, 2017**

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Date of Issue	December 27, 2017
Date of Maturity	December 1, 2018
Authorized Issue	\$590,000
Denomination of Bonds	\$5,000
Interest Rate	1.95%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	First American Bank

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2018	<u>\$ 590,000</u>	<u>10,674</u>	<u>600,674</u>	2018	<u>4,922</u>	2018	<u>5,752</u>