

VILLAGE OF

Kenilworth

ILLINOIS

ANNUAL
FINANCIAL REPORT

FOR THE EIGHT MONTHS ENDED
DECEMBER 31, 2012

VILLAGE OF KENILWORTH, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE EIGHT MONTHS ENDED

DECEMBER 31, 2012

Prepared by:
Finance Department

VILLAGE OF KENILWORTH, ILLINOIS

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INTRODUCTORY SECTION

VILLAGE OF KENILWORTH, ILLINOIS

**List of Principal Officials
December 31, 2012**

PRESIDENT

Fred G. Steingraber

BOARD OF TRUSTEES

Robert A. Hastings
James Hughes
James R. McClamroch, Jr.

Thomas Nahrwold
William Russell
Michael Thomas

CLERK

James Van Metre

VILLAGE ATTORNEY

Barbara A. Adams

TREASURER

Scott Lien

VILLAGE MANAGER

Bradly Burke (thru 8/10)
Patrick Brennan (8/21-12/31)

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITORS' REPORT

April 10, 2013

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 eight months ended December 31, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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, 2012, and the respective changes in financial position for the eight months then ended and, where applicable, cash flows thereof for the eight months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Kenilworth, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and 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 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. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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, 2012

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, 2012. Please read it in conjunction with the Village's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Village changed fiscal year ends from April 30th to December 31st.
- The Village's net position increased as a result of this eight month's operations. Net position of business-type activities increased by \$214,266, or 13.9 percent, and net position of the governmental activities decreased by \$62,870, or 1.7 percent.
- During the eight month period, government-wide revenues for the primary government totaled \$4,393,265 while expenses totaled \$4,241,869 resulting in an increase to net position of \$151,396.
- The Village's net position totaled \$5,495,942 on December 31, 2012, which includes \$1,567,052 net investment in capital assets, \$791,938 subject to external restrictions, and \$3,136,952 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The Village's governmental funds for the eight month period ending December 31, 2012 reported combining ending fund balances of \$4,738,757, which is a decrease of \$271,098, or 5.4 percent, lower than last fiscal year's total of \$5,009,855. Of the \$4,738,757 total, \$3,141,463, or approximately 66.3 percent, of the fund balance constitutes unassigned fund balance.
- The General Fund reported an increase for the eight months ending December 31, 2012 of \$161,913 resulting in ending fund balance of \$3,199,693, an increase of 5.4 percent

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.

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.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2012

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

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 two categories: governmental funds and proprietary funds.

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.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2012

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

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

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

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2012

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 53 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 pension and other post-employment benefit obligations. Required supplementary information can be found on pages 54 - 57 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 58 - 79 of this report.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2012

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 \$5,495,942.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	Dec. 31 2012	Apr. 30 2012	Dec. 31 2012	Apr. 30 2012	Dec. 31 2012	Apr. 30 2012
Current and Other Assets	\$ 8,759,607	7,196,607	(79,634)	(140,667)	8,679,973	7,055,940
Capital Assets	2,013,387	2,159,640	5,605,801	5,719,621	7,619,188	7,879,261
Total Assets	10,772,994	9,356,247	5,526,167	5,578,954	16,299,161	14,935,201
Long-Term Debt	2,042,451	2,410,963	3,589,004	3,733,968	5,631,455	6,144,931
Other Liabilities/Deferred Inflows	4,989,873	3,117,676	181,891	247,130	5,171,764	3,364,806
Total Liabilities	7,032,324	5,528,639	3,770,895	3,981,098	10,803,219	9,509,737
Net Position						
Net Investment in Capital Assets	(315,450)	(721,242)	1,882,502	1,860,371	1,567,052	1,139,129
Restricted	791,938	1,398,396	-	-	791,938	1,398,396
Unrestricted (Deficit)	3,264,182	3,150,454	(127,230)	(262,515)	3,136,952	2,887,939
Total Net Position	3,740,670	3,827,608	1,755,272	1,597,856	5,495,942	5,425,464

A portion of the Village's net position, \$1,567,052 or 28.5 percent, 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, \$791,938 or 14.4 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used, specifically for debt service requirements, public safety and highways and streets. The remaining \$3,136,952 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, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	Dec. 31	Apr. 30	Dec. 31	Apr. 30	Dec. 31	Apr. 30
	2012	2012	2012	2012	2012	2012
Revenues						
Program Revenues						
Charges for Services	\$ 1,208,764	1,507,894	877,981	1,003,533	2,086,745	2,511,427
Operating Grants/Contrib.	64,125	90,117	-	-	64,125	90,117
Capital Grants/Contrib.	-	-	-	-	-	-
General Revenues						
Taxes						
Property	1,736,965	3,450,317	-	-	1,736,965	3,450,317
Replacement	18,147	32,226	-	-	18,147	32,226
State Income	146,464	201,294	-	-	146,464	201,294
State Sales	48,678	56,961	-	-	48,678	56,961
Utility	162,083	272,793	-	-	162,083	272,793
Other	38,975	49,391	-	-	38,975	49,391
Investment Income	13,587	13,727	228	309	13,815	14,036
Miscellaneous	77,268	96,864	-	-	77,268	96,864
Total Revenues	3,515,056	5,771,584	878,209	1,003,842	4,393,265	6,775,426
Expenses						
General Government	455,735	626,538	-	-	455,735	626,538
Public Works	616,248	728,583	-	-	616,248	728,583
Public Safety	1,549,138	2,554,944	-	-	1,549,138	2,554,944
Highways and Streets	847,845	1,285,810	-	-	847,845	1,285,810
Culture and Recreation	26,391	31,414	-	-	26,391	31,414
Interest on Long-Term Debt	82,569	131,949	-	-	82,569	131,949
Waterworks System	-	-	663,943	984,289	663,943	984,289
Total Expenses	3,577,926	5,359,238	663,943	984,289	4,241,869	6,343,527
Change in Net Position	(62,870)	412,346	214,266	19,553	151,396	431,899
Net Position - Beginning as Restated	3,803,540	3,415,262	1,541,006	1,578,303	5,344,546	4,993,565
Net Position-Ending	3,740,670	3,827,608	1,755,272	1,597,856	5,495,942	5,425,464

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

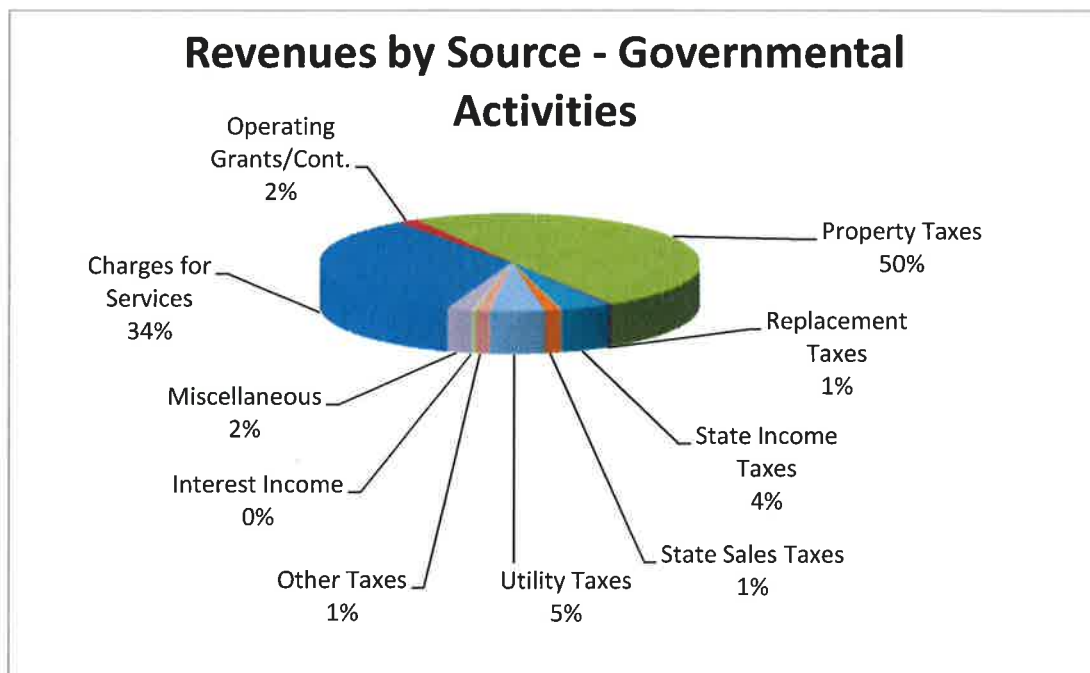
Net position of the Village's governmental activities decreased by 1.7 percent (\$3,740,670 at December 31, 2012 compared to a restated \$3,803,540 at April 30, 2012). Unrestricted net position, the part of net position used to finance day-to-day operations without constraints, totaled \$3,264,182 at December 31, 2012, and represents 91.2 percent of total governmental activities expenses.

Net position of business-type activities increased by 13.9 percent (\$1,755,272 at December 31, 2012 compared to a restated \$1,541,006 at April 30, 2012).

Governmental Activities

Revenues for governmental activities totaled \$3,515,056, while the cost of all governmental functions totaled \$3,577,238, resulting in a deficit of \$62,870 for the eight months ended December 31, 2012. In the full fiscal year of 2012, revenues of \$5,771,584 exceeded expenses of \$5,359,238, resulting in a surplus of \$412,346. The deficit was largely due to the fact the Village could, according to accounting standards, only recognize six months of property tax revenue during the eight month transitional fiscal year ending December 31, 2012.

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.



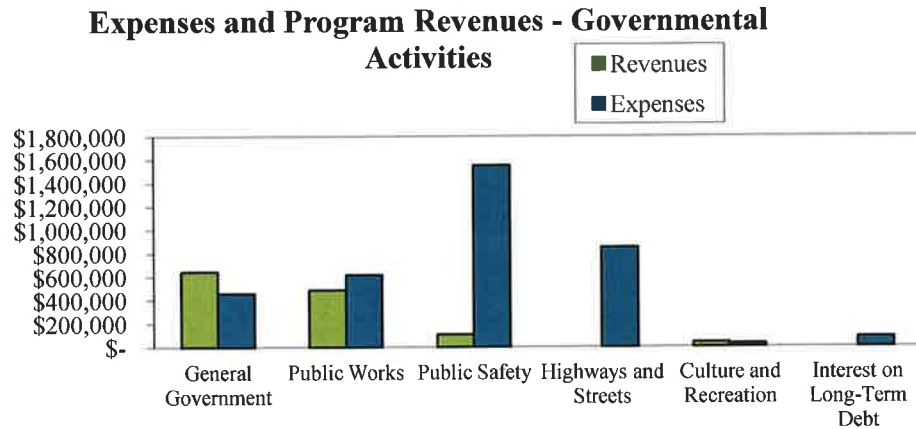
VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis
December 31, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

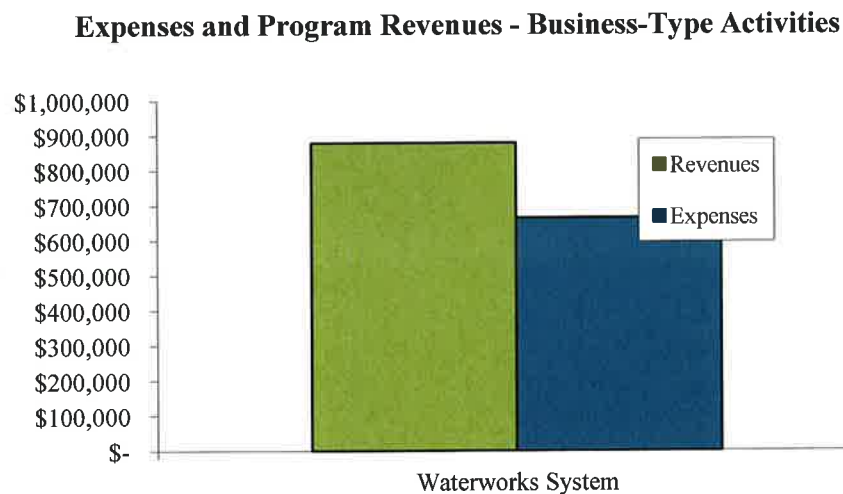
The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.



Business-Type activities

Business-Type activities for the eight months ended December 31, 2012, reported total revenues of \$878,209, while the cost of all business-type activities totaled \$663,943, resulting in a surplus of \$214,266. In 2012, revenues of \$1,003,533 exceeded expenses of \$984,289, resulting in an increase of \$19,553. The surplus in the current year is due to an increase in water usage during the unusually hot and dry summer months.

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



VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2012

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 \$4,738,757, which is a decrease of \$271,098, or 5.4 percent, from last year's total of \$5,009,855. Of the \$4,738,757 total, \$3,141,463, or approximately 66.3 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported fund balance for the eight months of \$3,199,693, a decrease of 5.4 percent. The decrease was largely due to the timing of when property tax revenue could be recognized. According to accounting standards, only six months of property tax revenue could be recognized during the eight month transitional fiscal year ending December 31, 2012.

The General Fund is the chief operating fund of the Village. At December 31, 2012, unassigned fund balance in the General Fund was \$3,141,463, which represents 98.2 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 116.5 percent of total General Fund expenditures.

The Debt Service Fund reported a decrease of \$510,989, or 62.3%. The fund balance of \$308,960 is restricted for future debt service payments.

During the fiscal year a General Obligation Limited Bond was issued and the proceeds were reported in the Capital Projects Fund, resulting in ending fund balance of \$563,829. Proceeds from the bond are earmarked for capital improvements. The total proceeds from the bond must be spent within three years of issuance. During the current year \$380,955 was spent, the balance to be used during fiscal year 2013.

All other governmental funds of the Village are reported as nonmajor 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 \$14,070 due to the increase in service fee revenue because of the hot and dry summer of 2012. The Motor Fuel Tax Fund reported a decrease of \$157,061 due to street and highway repairs and repaving in the current year. The E-911 Fund reported an increase of \$7,512 due to a slight increase in revenues and a slight decrease in expenditures in the current year.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2012

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 account for the provision of water services to the residents of the Village. In the current year, the Waterworks System Fund reported a surplus of \$214,266. This surplus in the current year is due to an increase in water usage during the unusually hot and dry summer months of 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village Board made no budget amendments to the General Fund during the year. General Fund actual revenues for the eight months totaled \$2,796,245, compared to budgeted revenues of \$2,528,681. The primary difference between budgeted and actual revenues for the eight months ending December 31, 2012 were higher in the Licenses and Permit revenue due to more building permits being issued than projected. Miscellaneous revenues received were also higher than expected due to training reimbursements for police training from the law Illinois Enforcement Training and Standard Board and reimbursement for the protective vests grant.

The General Fund actual expenditures for the eight months were \$2,696,169, with budgeted expenditures of \$2,876,559. Total expenditures were under budget across all of the General Fund departments.

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, 2012 was \$7,619,188 (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.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	Dec. 31 2012	Apr. 30 2012	Dec. 31 2012	Apr. 30 2012	Dec. 31 2012	Apr. 30 2012
Land and Right of Way	\$ 169,931	169,931	38,648	38,648	208,579	208,579
Buildings and Improvements	1,174,915	1,204,107	5,312,431	5,414,761	6,487,346	6,618,868
Machinery and Equipment	275,284	300,862	254,722	266,212	530,006	567,074
Sanitary and Sewer System	393,257	484,740	-	-	393,257	484,740
Total	2,013,387	2,159,640	5,605,801	5,719,621	7,619,188	7,879,261

VILLAGE OF KENILWORTH, ILLINOIS

**Management's Discussion and Analysis
December 31, 2012**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Capital Assets – Continued

This year's major additions included:

Building	\$ 16,500
Machinery and Equipment	<u>26,500</u>
	<u><u>43,000</u></u>

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

Debt Administration

At year end on December 31, 2012, the Village had total outstanding debt of \$6,611,299 as compared to \$7,087,249 the previous fiscal year ending on April 30, 2012, a decrease of 7.2 percent. There was a decrease even though the Village had an issuance of \$593,000 General Obligation Limited Bonds. The decrease is due to the principal payments during the year on the Village's two longer term bonds. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-type		Total	
	Activities		Activities			
	Dec. 31	Apr. 30	Dec. 31	Apr. 30	Dec. 31	Apr. 30
	2012	2012	2012	2012	2012	2012
General Obligation Bonds	\$ 2,888,000	3,228,000	3,723,299	3,859,249	6,611,299	7,087,249

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 \$27,173,158.

Additional information on the Village's long-term debt can be found in Note 3 on pages 36 - 39 of this report.

VILLAGE OF KENILWORTH, ILLINOIS

Management's Discussion and Analysis December 31, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the current year, the Village reported continued improvements to the number of building permits being issued annually and an increase in a State Sales Taxes and State Income Taxes from State shared tax revenues. The Village will continue to remain conservative in its budgeting, as full economic recovery will take some time.

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 Funds
 - Fiduciary Funds

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, 2012**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Net Position
December 31, 2012

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 4,485,388	96,755	4,582,143
Receivables - Net of Allowances			
Property Taxes	3,566,238	-	3,566,238
Accounts	284,447	207,032	491,479
Internal Balances	383,442	(383,442)	-
Prepays	40,092	21	40,113
Total Current Assets	8,759,607	(79,634)	8,679,973
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	169,931	38,648	208,579
Depreciable Capital Assets	4,054,755	8,513,650	12,568,405
Accumulated Depreciation	(2,211,299)	(2,946,497)	(5,157,796)
Total Noncurrent Assets	2,013,387	5,605,801	7,619,188
Total Assets	10,772,994	5,526,167	16,299,161

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

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	259,070	16,665	275,735
Accrued Interest	7,307	12,900	20,207
Deposits Payable	251,158	4,650	255,808
Other Payables	2,562	-	2,562
Current Portion of Long-Term Debt	961,716	147,676	1,109,392
Total Current Liabilities	1,481,813	181,891	1,663,704
Noncurrent Liabilities			
Compensated Absences Payable	74,866	10,705	85,571
Net Other Post-Employment Benefit Obligation Payable	16,035	-	16,035
Net Pension Obligation	6,550	-	6,550
General Obligation Bonds Payable - Net	1,945,000	3,578,299	5,523,299
Total Noncurrent Liabilities	2,042,451	3,589,004	5,631,455
Total Liabilities	3,524,264	3,770,895	7,295,159
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	3,508,060	-	3,508,060
Total Liabilities and Deferred Inflows of Resources	7,032,324	3,770,895	10,803,219
NET POSITION			
Net Investment in Capital Assets	(315,450)	1,882,502	1,567,052
Restricted - Debt Service	301,653	-	301,653
Restricted - Public Safety	245,059	-	245,059
Restricted - Highways and Streets	245,226	-	245,226
Unrestricted	3,264,182	(127,230)	3,136,952
Total Net Position	3,740,670	1,755,272	5,495,942

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

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Activities
For the Eight Months Ended December 31, 2012

	Expenses	Program Revenues	
		Charges for Services	Operating Grants/ Contributions
Governmental Activities			
General Government	\$ 455,735	643,283	-
Public Works	616,248	434,383	51,935
Public Safety	1,549,138	94,213	12,190
Highways and Streets	847,845	-	-
Culture and Recreation	26,391	36,885	-
Interest on Long-Term Debt	82,569	-	-
Total Governmental Activities	3,577,926	1,208,764	64,125
Business-Type Activities			
Waterworks System	663,943	877,981	-
	4,241,869	2,086,745	64,125
		General Revenues	
		Taxes	
		Property Taxes	
		Replacement Taxes	
		State Income Taxes	
		State Sales Taxes	
		Utility Taxes	
		Other	
		Interest Income	
		Miscellaneous	
		Change in Net Position	
		Net Position - Beginning as Restated	
		Net Position - Ending	

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

Net Expense/Revenue		
Primary		
Governmental Activities	Business-Type Activities	Total
187,548	-	187,548
(129,930)	-	(129,930)
(1,442,735)	-	(1,442,735)
(847,845)	-	(847,845)
10,494	-	10,494
(82,569)	-	(82,569)
(2,305,037)	-	(2,305,037)
-	214,038	214,038
(2,305,037)	214,038	(2,090,999)
1,736,965	-	1,736,965
18,147	-	18,147
146,464	-	146,464
48,678	-	48,678
162,083	-	162,083
38,975	-	38,975
13,587	228	13,815
77,268	-	77,268
2,242,167	228	2,242,395
(62,870)	214,266	151,396
3,803,540	1,541,006	5,344,546
3,740,670	1,755,272	5,495,942

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

VILLAGE OF KENILWORTH, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2012**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 3,079,324
Receivables - Net of Allowances	
Property Taxes	2,539,686
Accounts	262,482
Due from Other Funds	135,819
Prepays	<u>40,092</u>
 Total Assets	 <u><u>6,057,403</u></u>
LIABILITIES	
Accounts Payable	119,384
Deposits Payable	251,158
Due to Other Funds	3,098
Other Payables	<u>2,562</u>
Total Liabilities	376,202
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>2,481,508</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>2,857,710</u></u>
FUND BALANCE	
Nonspendable	40,092
Restricted	16,394
Committed	1,744
Assigned	-
Unassigned	<u>3,141,463</u>
Total Fund Balances	<u><u>3,199,693</u></u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>6,057,403</u></u>

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

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
61,337	628,531	716,196	4,485,388
1,026,552	-	-	3,566,238
-	-	21,965	284,447
247,623	-	-	383,442
-	-	-	40,092
<u>1,335,512</u>	<u>628,531</u>	<u>738,161</u>	<u>8,759,607</u>
-	64,702	71,886	255,972
-	-	-	251,158
-	-	-	3,098
-	-	-	2,562
-	64,702	71,886	512,790
<u>1,026,552</u>	<u>-</u>	<u>-</u>	<u>3,508,060</u>
<u>1,026,552</u>	<u>64,702</u>	<u>71,886</u>	<u>4,020,850</u>
-	-	-	40,092
308,960	-	473,891	799,245
-	-	192,384	194,128
-	563,829	-	563,829
-	-	-	3,141,463
<u>308,960</u>	<u>563,829</u>	<u>666,275</u>	<u>4,738,757</u>
<u>1,335,512</u>	<u>628,531</u>	<u>738,161</u>	<u>8,759,607</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, 2012

Total Governmental Fund Balances	\$ 4,738,757
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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.	2,013,387
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Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Compensated Absences Payable	(93,582)
Net Other Post-Employment Benefit Obligation Payable	(16,035)
Net Pension Obligation	(6,550)
General Obligation Bonds Payable	(2,888,000)
Accrued Interest Payable	<u>(7,307)</u>

Net Position of Governmental Activities	<u>3,740,670</u>
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VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2012**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Eight Months Ended December 31, 2012

	<u>General</u>
Revenues	
Taxes	\$ 1,610,908
Intergovernmental	12,190
Charges for Services	509,473
Licenses and Permits	549,683
Fines and Forfeitures	30,386
Interest Income	8,337
Miscellaneous	75,268
Total Revenues	<u>2,796,245</u>
Expenditures	
Current	
General Government	486,395
Public Works	459,055
Public Safety	1,440,822
Highways and Streets	267,696
Culture and Recreation	26,391
Capital Outlay	15,810
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>2,696,169</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,076</u>
Other Financing Sources (Uses)	
Disposal of Capital Assets	4,443
Debt Issuance	-
Transfers In	57,394
Transfers Out	-
	<u>61,837</u>
Net Change in Fund Balances	161,913
Fund Balances - Beginning	<u>3,037,780</u>
Fund Balances - Ending	<u><u>3,199,693</u></u>

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

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
540,404	-	-	2,151,312
-	-	51,935	64,125
-	-	119,222	628,695
-	-	-	549,683
-	-	-	30,386
1,862	1,412	1,976	13,587
-	-	2,000	77,268
542,266	1,412	175,133	3,515,056
-	-	-	486,395
-	-	27,721	486,776
-	-	15,613	1,456,435
-	-	209,884	477,580
-	-	-	26,391
-	380,955	-	396,765
933,000	-	-	933,000
120,255	-	-	120,255
1,053,255	380,955	253,218	4,383,597
(510,989)	(379,543)	(78,085)	(868,541)
-	-	-	4,443
-	593,000	-	593,000
-	-	-	57,394
-	-	(57,394)	(57,394)
-	593,000	(57,394)	597,443
(510,989)	213,457	(135,479)	(271,098)
819,949	350,372	801,754	5,009,855
308,960	563,829	666,275	4,738,757

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 Eight Months Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (271,098)

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	26,500
Depreciation Expense	(163,687)

The Net Effect of Various Transactions Involving Capital Assets
is to Decrease Net Position

Disposals - Cost	(22,666)
Disposals - Accumulated Depreciation	13,600

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.

Reduction of Compensated Absences Payable	34,291
Increase in Net Other Post-Employment Benefit Obligation Payable	(2,370)
Increase in Net Pension Obligation	(55,126)
Issuance of General Obligation Bonds	(593,000)
Retirement of General Obligation Bonds	933,000

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.

37,686

Changes in Net Position of Governmental Activities

(62,870)

VILLAGE OF KENILWORTH, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2012**

See Following Page

VILLAGE OF KENILWORTH, ILLINOIS

Statement of Net Position - Proprietary Funds
December 31, 2012

	<u>Business-Type Activities Waterworks System</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 96,755
Receivables - Net of Allowances	
Accounts - Billed	103,829
Accounts - Unbilled	103,203
Prepays	<u>21</u>
Total Current Assets	<u>303,808</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	38,648
Depreciable Capital Assets	8,513,650
Accumulated Depreciation	<u>(2,946,497)</u>
Total Noncurrent Assets	<u>5,605,801</u>
Total Assets	<u>5,909,609</u>

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

	<u>Business-Type Activities Waterworks System</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 16,665
Accrued Interest	12,900
Deposits Payable	4,650
Due to Other Funds	383,442
Compensated Absences Payable	2,676
General Obligation Bonds Payable	145,000
Total Current Liabilities	<u>565,333</u>
Noncurrent Liabilities	
Compensated Absences Payable	10,705
General Obligation Bonds Payable - Net	<u>3,578,299</u>
Total Noncurrent Liabilities	<u>3,589,004</u>
Total Liabilities	<u>4,154,337</u>
NET POSITION	
Net Investment in Capital Assets	1,882,502
Unrestricted	<u>(127,230)</u>
Total Net Position	<u><u>1,755,272</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 Eight Months Ended December 31, 2012

	<u>Business-Type Activities Waterworks System</u>
Operating Revenues	
Charges for Services	\$ 876,917
Miscellaneous	<u>1,064</u>
Total Operating Revenues	<u>877,981</u>
Operating Expenses	
Operations	422,111
Depreciation and Amortization	<u>134,370</u>
Total Operating Expenses	<u>556,481</u>
Operating Income	<u>321,500</u>
Nonoperating Revenues (Expenses)	
Interest Income	228
Interest and Fiscal Charges	<u>(107,462)</u>
	<u>(107,234)</u>
Change in Net Position	214,266
Net Position - Beginning as Restated	<u>1,541,006</u>
Net Position - Ending	<u><u>1,755,272</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 Eight Months Ended December 31, 2012**

	Business-Type Activities <u>Waterworks System</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 892,136
Payments to Employees	(169,957)
Payments to Suppliers	<u>(472,932)</u>
	<u>249,247</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(16,500)
Interest on Capital Debt	(107,462)
Principal on Capital Debt	<u>(140,000)</u>
	<u>(263,962)</u>
Cash Flows from Investing Activities	
Interest Received	<u>228</u>
Net Change in Cash and Cash Equivalents	(14,487)
Cash and Cash Equivalents - Beginning	<u>111,242</u>
Cash and Cash Equivalents - Ending	<u>96,755</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>321,500</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	134,370
(Increase) Decrease in Current Assets	14,155
Increase (Decrease) in Current Liabilities	<u>(220,778)</u>
Net Cash Provided by Operating Activities	<u>249,247</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, 2012**

	<u>Police Pension</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,054,028
Investments	
U.S. Government Obligations	1,366,539
Mutual Funds	2,150,563
Receivables	
Accrued Interest	16,273
Due from Other Funds	<u>3,098</u>
Total Assets	<u>5,590,501</u>
LIABILITIES	
Accounts Payable	<u>1,275</u>
NET POSITION	
Net Position Held in Trust for Pension Benefits	<u><u>5,589,226</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 Eight Months Ended December 31, 2012

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 156,418
Contributions - Employee	<u>51,178</u>
Total Contributions	<u>207,596</u>
Investment Income	
Interest Income	79,575
Net Change in Fair Value	<u>16,637</u>
	96,212
Less Investment Expenses	<u>(16,029)</u>
Net Investment Income	<u>80,183</u>
Total Additions	<u>287,779</u>
Deductions	
Administration	5,525
Benefits and Refunds	<u>350,844</u>
Total Deductions	<u>356,369</u>
Change in Net Position	(68,590)
Net Position Held in Trust for Pension Benefits	
Beginning	<u>5,657,816</u>
Ending	<u><u>5,589,226</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, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Kenilworth, 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. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," 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. 39, 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, 2012

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, 2012

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:

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

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.

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 Capital Projects Fund is treated as a major fund and accounts for revenues and expenditures relative to the construction of capital improvements.

Proprietary Funds

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

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

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

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

The Village's fiduciary fund is presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are 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-like activities are presented using the economic resources measurement focus as defined below.

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

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like 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 inflows is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

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

Cash and Investments

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

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

Interfund Receivables, Payables and Activity

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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.

Capital Assets

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

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

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

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

Buildings and Improvements	40 – 50 Years
Machinery and Equipment	10 Years
Infrastructure	20 – 50 Years
Waterworks System	40 Years
Sanitary Sewer System	5 – 10 Years
Vehicles	5 – 10 Years

Compensated Absences

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

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

Long-Term Obligations

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position

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

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

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

The Board of Trustees may:

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

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

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Debt Service, and Police Pension Funds.

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, certain Special Revenue, Waterworks System and Police pension Funds. Budgets for the enterprise funds do not provide for depreciation. 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 or 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, Sewer Service, Motor Fuel Tax, E-911, Waterworks and Police Pension Funds.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

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; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, 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 provided the investment in separate accounts does not exceed ten percent of the pension fund's net assets. Pension funds 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's net position in common and preferred stocks that meet specific restrictions.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

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. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$4,565,488 and the bank balances totaled \$4,476,484. In addition, the Village has \$16,655 invested in the Illinois Funds.

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. Illinois Funds have 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.

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.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

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

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

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$2,054,001 and the bank balances totaled \$2,053,996.

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
Federal Home Loan Bank	\$ 419,602	102,568	317,034	-	-
Federal Farm Credit Bank	276,184	100,083	176,101	-	-
Federal Home Loan Mortgage Corp.	250,178	93,739	156,439	-	-
Federal National Mortgage Assoc.	420,575	101,153	319,422	-	-
Mutual Funds	2,150,563	2,150,563	-	-	-
Illinois Funds	27	27	-	-	-
	<u>3,517,129</u>	<u>2,548,133</u>	<u>968,996</u>	<u>-</u>	<u>-</u>

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.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

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 Illinois Funds is rated AAAM by Standard & Poor's and investments in debt securities ranged from A+ to AAA.

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

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

Concentration Risk. The Fund's investment policy requires diversification of investments to avoid unreasonable risk. At year-end, the Fund has over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Vanguard 500 Index Mutual Fund of \$831,630.

The following are the target allocation percentages under the policy:

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

PROPERTY TAXES

Property taxes for 2011 attach as an enforceable lien on January 1, 2011, 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, 2012, and September 1, 2012. 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, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land and Right of Way	\$ 169,931	-	-	169,931
Depreciable Capital Assets				
Buildings and Improvements	1,751,515	-	-	1,751,515
Machinery and Equipment	927,162	26,500	22,666	930,996
Sanitary and Sewer System	1,372,244	-	-	1,372,244
	<u>4,050,921</u>	<u>26,500</u>	<u>22,666</u>	<u>4,054,755</u>
Less Accumulated Depreciation				
Buildings and Improvements	547,408	29,192	-	576,600
Machinery and Equipment	626,300	43,012	13,600	655,712
Sanitary and Sewer System	887,504	91,483	-	978,987
	<u>2,061,212</u>	<u>163,687</u>	<u>13,600</u>	<u>2,211,299</u>
Total Net Depreciable Capital Assets	<u>1,989,709</u>	<u>(137,187)</u>	<u>9,066</u>	<u>1,843,456</u>
Total Net Capital Assets	<u>2,159,640</u>	<u>(137,187)</u>	<u>9,066</u>	<u>2,013,387</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 1,261
Public Works	129,472
Public Safety	<u>32,954</u>
	<u>163,687</u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

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	8,066,254	16,500	-	8,082,754
Machinery and Equipment	430,896	-	-	430,896
	<u>8,497,150</u>	<u>16,500</u>	<u>-</u>	<u>8,513,650</u>
Less Accumulated Depreciation				
Building	2,651,493	118,830	-	2,770,323
Machinery and Equipment	164,684	11,490	-	176,174
	<u>2,816,177</u>	<u>130,320</u>	<u>-</u>	<u>2,946,497</u>
Total Net Depreciable Capital Assets	<u>5,680,973</u>	<u>(113,820)</u>	<u>-</u>	<u>5,567,153</u>
Total Net Capital Assets	<u><u>5,719,621</u></u>	<u><u>(113,820)</u></u>	<u><u>-</u></u>	<u><u>5,605,801</u></u>

Depreciation expense was charged to business-type as follows:

Waterworks System	<u><u>\$ 130,320</u></u>
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INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General	Waterworks System	\$ 135,819
Debt Service	Waterworks System	247,623
Police Pension	General	<u>3,098</u>
		<u><u>386,540</u></u>

Interfund balances are advances in anticipation of receipts.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – Continued

Interfund Transfers

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental	<u>\$ 57,394</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation (Alternate Revenue Source) Refunding Bonds of 2006B - Due in annual installments of \$110,000 to \$290,000 plus interest at 3.90% to 4.20% through December 1, 2030.	Waterworks	\$ 3,920,000	-	140,000	3,780,000
General Obligation Refunding Bonds of 2007 - Due in annual installments of \$180,000 to \$415,000 plus interest at 3.60% to 3.90% through December 1, 2018.	Debt Service	2,635,000	-	340,000	2,295,000
General Obligation Limited Bonds of 2011 - Due in one installment of \$593,000 plus interest at 0.91% on December 1, 2012.	Debt Service	593,000	-	593,000	-

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements
December 31, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Limited Bonds of 2012 - Due in one installment of \$593,000 plus interest at 0.80% on December 1, 2013.	Debt Service	\$ -	593,000	-	593,000
		7,148,000	593,000	1,073,000	6,668,000

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 127,873	34,291	68,582	93,582	18,716
Net Pension Obligation (Asset)	(48,576)	55,126	-	6,550	-
General Obligation Bonds	3,228,000	593,000	933,000	2,888,000	943,000
Net Other Post-Employment Benefit Obligation	13,665	2,370	-	16,035	-
	<u>3,320,962</u>	<u>684,787</u>	<u>1,001,582</u>	<u>3,004,167</u>	<u>961,716</u>
Business-Type Activities					
Compensated Absences	18,398	5,017	10,034	13,381	2,676
General Obligation Bonds	3,920,000	-	140,000	3,780,000	145,000
Less: Accounting Loss on Refunding Bonds	(63,769)	4,251	-	(59,518)	-
Plus: Unamortized Bond Premium	3,018	-	201	2,817	-
	<u>3,877,647</u>	<u>9,268</u>	<u>150,235</u>	<u>3,736,680</u>	<u>147,676</u>

Compensated absences for governmental activities are generally liquidated by the General Fund, while compensated absences for the business-type activities are liquidated by the Waterworks System Fund. The Debt Service and Waterworks System Funds make payments on the general obligation bonds.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

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 Ending Dec. 31	Governmental Activities		Business-Type Activities	
	General		General	
	Obligation Bonds		Obligation Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 943,000	93,921	145,000	154,793
2014	365,000	74,738	155,000	149,138
2015	375,000	61,050	160,000	142,938
2016	390,000	46,800	165,000	136,538
2017	400,000	31,785	170,000	129,938
2018	415,000	16,185	180,000	123,138
2019	-	-	185,000	115,938
2020	-	-	195,000	108,538
2021	-	-	200,000	100,640
2022	-	-	210,000	92,540
2023	-	-	220,000	83,930
2024	-	-	225,000	74,910
2025	-	-	235,000	65,573
2026	-	-	245,000	55,820
2027	-	-	255,000	45,653
2028	-	-	265,000	35,070
2029	-	-	280,000	23,940
2030	-	-	290,000	12,180
	<u>2,888,000</u>	<u>324,479</u>	<u>3,780,000</u>	<u>1,651,215</u>

Defeased Debt

In prior years the government defeased general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements which normally satisfy defeasance, have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Defeased bonds of \$5,010,000 remain outstanding as of the date of this report.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

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

Assessed Valuation - 2011	<u>\$ 315,051,106</u>
Bonded Debt Limit - 8.625% of Assessed Value	27,173,158
Amount of Debt Applicable to Limit	<u>2,888,000</u>
Legal Debt Margin	<u>24,285,158</u>

NET POSITION/FUND BALANCES

Net Position Classifications

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

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 2,013,387
Plus Unspent Bond Proceeds	559,163
Less Capital Related Debt:	
General Obligation Bonds of 2007	(2,295,000)
General Obligation Limited Bonds of 2012	<u>(593,000)</u>
Net Investment in Capital Assets	<u>(315,450)</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	5,605,801
Less Capital Related Debt:	
General Obligation Bonds of 2006B - Net	<u>(3,723,299)</u>
Net Investment in Capital Assets	<u>1,882,502</u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

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.

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	Total
Fund Balances					
Nonspendable	\$ 40,092	-	-	-	40,092
Restricted					
Public Safety	16,394	-	-	-	16,394
Debt Service	-	308,960	-	-	308,960
Motor Fuel Tax	-	-	-	245,226	245,226
E-911	-	-	-	228,665	228,665
	<u>16,394</u>	<u>308,960</u>	<u>-</u>	<u>473,891</u>	<u>799,245</u>
Committed					
Tree Replacement	1,744	-	-	-	1,744
Sewer Service	-	-	-	192,384	192,384
	<u>1,744</u>	<u>-</u>	<u>-</u>	<u>192,384</u>	<u>194,128</u>
Assigned					
Capital Projects	-	-	563,829	-	563,829
Unassigned	<u>3,141,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,141,463</u>
Total Fund Balances	<u>3,199,693</u>	<u>308,960</u>	<u>563,829</u>	<u>666,275</u>	<u>4,738,757</u>

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications – Continued

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

Minimum Fund Balance Policy. The Village's policy manual states that the Corporate Fund should maintain a minimum unrestricted fund balance equal to six months of budgeted operating expenditures, excluding transfers and capital expenditures. Fund balances in excess of said levels may be transferred to the Capital Projects Fund at the discretion of the Board.

Net Position Restatement

Beginning net position was restated for the implementation of GASB 63/65 to write off prior year bond issuance costs. The following is a summary of the net position as originally reported and as restated:

<u>Fund Equity</u>	<u>As Reported</u>	<u>As Restated</u>	<u>Increase (Decrease)</u>
Business-Type Activities/ Waterworks System	\$ 1,597,856	1,541,006	(56,850)
Governmental Activities	3,827,608	3,803,540	(24,068)

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

Intergovernmental Risk Management Agency (IRMA)

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

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

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Risk Management Agency (IRMA) – Continued

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

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

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

North Suburban Employee's Benefit Cooperative (NSEBC)

The Village participates in the North Suburban Employee's Benefit Cooperative (NSEBC), an agency of municipalities created to finance and administer health and life insurance benefits for its members. Each municipality appoints one representative to serve on the Board of Directors. The Board determines the general government policies which include approval of the annual budget. For the year ended December 31, 2011, NSEBC had total equity of \$5,875,572. The Village's total payments for the eight months ended December 31, 2012 were \$226,482.

CONTINGENT LIABILITIES

Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

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.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

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.

COMMITMENTS

The Village has committed to make payments to the Solid Waste Agency of Northern Cook County (SWANCC). The Village expects to pay the following minimum amounts:

<u>Dec. 31</u>	<u>Amount</u>
2013	<u>\$ 12,699</u>

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 2700 Patriot Blvd., Suite 110, Glenview, Illinois 60026.

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, 2012

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 \$83,397 to SWANCC for the eight months ended December 31, 2012, 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. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

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. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer rate for calendar year 2012 was 15.10 percent.

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

At fiscal year-end the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	11
Current Employees	
Vested	7
Nonvested	2
	<u>20</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

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, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

Significant Investments

At year-end, the Police Pension Fund had over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Vanguard 500 Index Mutual Fund of \$831,630. Information for IMRF is not available.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

Annual Pension Cost and Net Pension Obligation

There was no net pension obligation for the IMRF Plan at year-end. The pension obligation for the Police Pension Plan is as follows:

Annual Required Contribution	\$ 212,643
Interest on the NPO	(3,157)
Adjustment to the ARC	<u>2,058</u>
Annual Pension Cost	211,544
Actual Contribution	<u>156,418</u>
Increase in the NPO	55,126
NPO Beginning of Year	<u>(48,576)</u>
NPO (NPA) End of Year	<u><u>6,550</u></u>

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

The Village annual required contribution for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension
Contribution Rates		
Employer	15.10%	20.17%
Employee	4.50%	9.91%
Actuarial Valuation Date	12/31/2012	12/31/2012
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	28 Years
Asset Valuation Method	5-Year Smoothed Market	Market
Actuarial Assumptions		
Investment Rate of Return	7.50% Compounded Annually	6.50% Compounded Annually
Projected Salary Increases	.4% to 10.0%	5.00%
Inflation Rate Included	4.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

The Village's annual required contribution for the current year and related information for each plan is as follows:

	Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual Pension Cost (APC)	2010	\$ 136,781	\$ 348,941
	2011	133,660	339,248
	2012	165,061	211,544
Actual Contributions	2010	136,781	352,642
	2011	133,660	327,258
	2012	165,061	156,418
Percentage of APC Contributed	2010	100.00%	101.06%
	2011	100.00%	96.47%
	2012	100.00%	73.94%
Net Pension Obligation	2010	-	(60,566)
	2011	-	(48,576)
	2012	-	6,550

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements

December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The Village's funded status for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	12/31/12	12/31/2012
Percent Funded	50.58%	50.21%
Actuarial Accrued Liability for Benefits	\$2,394,814	\$11,130,940
Actuarial Value of Assets	\$1,211,279	\$5,589,226
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$1,183,535)	(\$5,541,714)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$1,093,118	\$775,439
Ratio of UAAL to Covered Payroll	108.27%	714.66%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the Village provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's General Fund.

The Village provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans.

All health care benefits are provided through the Village's health insurance plan and HMO plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the eight months ending December 31, 2012, retirees contributed \$32,883. Active employees do not contribute to the plan in anticipation of future participation in the Village's retiree health care insurance benefit at retirement. Contributions in the plan begin only at retirement.

At December 31, 2012, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	6
Active Employees	<u>22</u>
Total	<u>28</u>
Participating Employers	1

The Village does not currently have a funding policy.

VILLAGE OF KENILWORTH, ILLINOIS

**Notes to the Financial Statements
December 31, 2012**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of December 31, 2012, was calculated as follows:

Annual Required Contribution	\$ 15,162
Interest on the NOPEBO	683
Adjustment to the ARC	<u>(342)</u>
Annual OPEB Cost	15,503
Actual Contribution	<u>13,133</u>
Change in the NOPEBO	2,370
NOPEBO - Beginning of Year	<u>13,665</u>
NOPEBO - End of Year	<u><u>16,035</u></u>

Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 16,904	\$ 11,783	69.71%	\$ 7,165
2012	21,635	15,135	69.96%	13,665
2012*	15,503	13,133	84.71%	16,035

* For the eight months ended December 31, 2012.

VILLAGE OF KENILWORTH, ILLINOIS

Notes to the Financial Statements December 31, 2012

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2010, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$	89,954
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)		89,954
Funded Ratio (Actuarial Value of Plan Assets/AAL)		0%
Covered Payroll (Active Plan Members)		2,072,759
UAAL as a Percentage of Covered Payroll		4.34%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2010 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return, including a 3.0% inflation assumption and an initial annual healthcare cost trend rate of 8.0%, with an ultimate rate of 6.0%. The actuarial value of assets was not determined as the Village has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

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 Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Other Post-Employment Benefit Plan
- 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 Funding Progress and Employer Contributions
December 31, 2012**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 2,587,008	\$ 3,326,385	77.77%	\$ 739,377	\$ 977,784	75.62%
2008	2,340,996	3,285,125	71.26%	944,129	1,065,977	88.57%
2009	2,353,531	3,306,657	71.18%	953,126	1,036,419	91.96%
2010	1,328,467	2,544,842	52.20%	1,216,375	1,048,130	116.05%
2011	1,000,504	2,340,884	42.74%	1,340,380	1,017,200	131.77%
2012	1,211,279	2,394,814	50.58%	1,183,535	1,093,118	108.27%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2008	\$ 129,068	\$ 129,068	100.00%
2009	141,882	141,882	100.00%
2010	132,558	132,558	100.00%
2011	136,781	136,781	100.00%
2012	133,660	133,660	100.00%
2012*	165,061	165,061	100.00%

* For the eight months ended December 31, 2012.

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2012**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 5,316,386	\$ 7,914,378	67.17%	\$ 2,597,992	\$ 806,884	321.98%
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	4,593,375	8,941,378	51.37%	4,348,003	873,680	497.67%
2010	5,188,502	9,253,525	56.07%	4,065,023	873,680	465.28%
2011	5,657,815	10,690,595	52.92%	5,032,780	760,061	662.15%
2012	5,589,226	11,130,940	50.21%	5,541,714	775,439	714.66%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2008	\$ 155,007	\$ 155,007	100.00%
2009	248,335	233,991	106.13%
2010	276,258	334,498	82.59%
2011	352,642	349,846	100.80%
2012	327,258	340,689	96.06%
2012*	156,418	212,643	73.56%

Note: The actuarial valuations for the years 2005-2006 performed on the plan's net assets were not performed in accordance with GASB Statement No. 25 and 27.

N/A - Not Available

* For the eight months ended December 31, 2012.

VILLAGE OF KENILWORTH, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2012**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	-	89,954	-	89,954	2,072,759	4.34%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2008	\$ N/A	\$ N/A	N/A
2009	N/A	N/A	N/A
2010	4,886	6,930	70.51%
2011	11,783	16,853	69.92%
2012	15,135	21,456	70.54%
2012*	13,133	15,162	86.62%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010. Information for prior years is not available. The Village is required to have an actuarial study performed triennially.

* For the eight months ended December 31, 2012.

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 1,588,231	1,588,231	1,610,908
Intergovernmental	-	-	12,190
Charges for Services	522,000	522,000	509,473
Licenses and Permits	312,650	312,650	549,683
Fines and Forfeitures	33,600	33,600	30,386
Interest Income	3,400	3,400	8,337
Miscellaneous	68,800	68,800	75,268
Total Revenues	<u>2,528,681</u>	<u>2,528,681</u>	<u>2,796,245</u>
Expenditures			
Current			
General Government	470,805	505,998	486,395
Public Works	472,332	471,382	459,055
Public Safety	1,578,090	1,562,897	1,440,822
Highways and Streets	296,552	281,802	267,696
Culture and Recreation	35,280	27,280	26,391
Capital Outlay	23,500	27,200	15,810
Total Expenditures	<u>2,876,559</u>	<u>2,876,559</u>	<u>2,696,169</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(347,878)</u>	<u>(347,878)</u>	<u>100,076</u>
Other Financing Sources			
Disposal of Capital Assets	3,000	3,000	4,443
Transfers In	57,394	57,394	57,394
	<u>60,394</u>	<u>60,394</u>	<u>61,837</u>
Net Change in Fund Balance	<u>(287,484)</u>	<u>(287,484)</u>	161,913
Fund Balance - Beginning			<u>3,037,780</u>
Fund Balance - Ending			<u><u>3,199,693</u></u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

DEBT SERVICE FUND

The Debt Service Fund, a major fund, accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CAPITAL PROJECTS FUND

The Capital Projects Fund, a major fund, accounts for revenues and expenditures relative to the construction of capital improvements.

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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUNDS

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

TRUST AND AGENCY FUND

PENSION TRUST FUND

Police Pension Fund

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

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Eight Months Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 1,214,031	1,214,031	1,196,561
Other Taxes			
Replacement Taxes	23,500	23,500	18,147
State Sales Taxes	21,500	21,500	48,678
State Income Taxes	125,000	125,000	146,464
Local Use Tax	20,500	20,500	27,325
Utility Tax	172,000	172,000	162,083
Vehicle Tax	1,200	1,200	1,026
Miscellaneous Tax	10,500	10,500	10,624
	<u>374,200</u>	<u>374,200</u>	<u>414,347</u>
Total Taxes	<u>1,588,231</u>	<u>1,588,231</u>	<u>1,610,908</u>
Intergovernmental			
Federal Grants	-	-	12,190
Charges for Services			
Ambulance User Fees	10,000	10,000	9,141
Elevator User Fees	200	200	243
Beach Fees	34,000	34,000	36,885
Fire and Burglar Alarm Fees	3,800	3,800	5,301
Special Duty Detail	4,000	4,000	2,580
Waste Collections	366,500	366,500	361,966
Antenna Lease Fee	71,500	71,500	74,061
Kenilworth Park District Fees	30,000	30,000	16,271
Miscellaneous Fees	2,000	2,000	3,025
	<u>522,000</u>	<u>522,000</u>	<u>509,473</u>
Total Charges for Services	<u>522,000</u>	<u>522,000</u>	<u>509,473</u>
Licenses and Permits			
Licenses			
Vehicle License	127,500	127,500	127,518
Animal License	1,650	1,650	1,082
	<u>129,150</u>	<u>129,150</u>	<u>128,600</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Licenses and Permits - Continued			
Permits			
Building	\$ 150,000	150,000	375,950
Parking	21,500	21,500	16,005
Tree Permits	500	500	3,000
Filing Fees	1,000	1,000	2,450
Zoning Review	2,500	2,500	10,720
Plan Review	8,000	8,000	12,958
	<u>183,500</u>	<u>183,500</u>	<u>421,083</u>
Total Licenses and Permits	<u>312,650</u>	<u>312,650</u>	<u>549,683</u>
Fines and Forfeitures			
Circuit Court Fees	6,000	6,000	4,586
DUI Fines	600	600	3,023
Village Ordinance Fines	27,000	27,000	22,777
	<u>33,600</u>	<u>33,600</u>	<u>30,386</u>
Total Fines and Forfeitures	<u>33,600</u>	<u>33,600</u>	<u>30,386</u>
Interest Income	<u>3,400</u>	<u>3,400</u>	<u>8,337</u>
Miscellaneous			
Cable Television Franchise Fees	20,000	20,000	23,127
IRMA Insurance Proceeds	20,000	20,000	14,930
Other Income	28,800	28,800	37,211
	<u>68,800</u>	<u>68,800</u>	<u>75,268</u>
Total Miscellaneous	<u>68,800</u>	<u>68,800</u>	<u>75,268</u>
Total Revenues	<u>2,528,681</u>	<u>2,528,681</u>	<u>2,796,245</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Personnel			
Salaries			
Regular	\$ 137,176	137,176	134,598
Overtime	1,667	1,667	1,789
Merit - Vacation Buy Back	2,900	11,000	10,978
Part-Time	28,122	28,122	27,750
Employee Benefits			
Medical	11,255	11,255	9,418
Dental	1,121	1,121	1,075
Life	446	446	397
Other Benefits	37,281	37,281	38,328
	<u>219,968</u>	<u>228,068</u>	<u>224,333</u>
Contractual Services			
Auditing	17,000	17,000	17,000
J.U.L.I.E. Fees	1,000	-	-
Plan Review and Inspections	9,500	8,250	8,689
Printing and Publishing	4,100	4,100	3,792
Telephone	2,250	2,250	1,885
Cell Phone	687	687	656
Miscellaneous	600	9,200	10,200
Professional Fees	35,000	26,093	27,273
Postage	3,400	3,400	3,296
Dues, Memberships and Subscriptions	8,000	7,250	6,891
Repair and Maintenance - Computer Equipment	1,000	1,000	1,107
Repair and Maintenance - Vehicles/Equipment	200	200	343
	<u>82,737</u>	<u>79,430</u>	<u>81,132</u>
Commodities			
Office Supplies	2,500	2,500	2,250
Other Supplies	500	500	702
	<u>3,000</u>	<u>3,000</u>	<u>2,952</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
General Government - Continued			
Administrative - Continued			
Other Expenditures			
Fuel	\$ 600	600	460
Recruitment and Training	2,500	2,000	1,682
Miscellaneous	2,000	2,000	1,752
Uncollectible Accounts	-	5,650	5,650
Auto Allowance	3,200	3,200	3,200
	<u>8,300</u>	<u>13,450</u>	<u>12,744</u>
Total Administrative	<u>314,005</u>	<u>323,948</u>	<u>321,161</u>
Support Services			
Insurance - Liability and Workers' Compensation	102,400	102,400	91,026
Village Attorney	40,000	75,250	69,163
Village Prosecutor	2,500	2,500	2,450
Maintenance of Office Equipment	800	800	1,516
Internet Service	1,100	1,100	1,079
Contingency	10,000	-	-
	<u>156,800</u>	<u>182,050</u>	<u>165,234</u>
Total Support Services	<u>156,800</u>	<u>182,050</u>	<u>165,234</u>
Total General Government	<u>470,805</u>	<u>505,998</u>	<u>486,395</u>
Public Works			
Building and Grounds			
Personnel			
Salaries			
Maintenance	12,990	12,990	13,070
Overtime	867	867	889
Merit - Vacation Buy Back	150	150	150
Employee Benefits			
Other Benefits	5,739	5,739	5,663
	<u>19,746</u>	<u>19,746</u>	<u>19,772</u>
Contractual Services			
Outside Maintenance	20,000	11,500	13,668

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Public Works - Continued			
Building and Grounds - Continued			
Commodities			
Building Repairs - Village Hall	\$ 10,000	5,250	9,711
Building Repairs - Public Works	3,300	3,300	5,406
Janitorial Supplies	2,000	1,000	625
Maintenance and Other Supplies	2,200	2,200	1,672
Heating, Electric and Water Utilities	2,000	1,250	537
	<u>19,500</u>	<u>13,000</u>	<u>17,951</u>
Total Building and Grounds	<u>59,246</u>	<u>44,246</u>	<u>51,391</u>
Waste Removal			
Personnel			
Salaries			
Regular	51,206	50,206	49,378
Overtime	1,000	1,000	1,193
Merit - Vacation Buy Back	600	6,000	5,985
Employee Benefits			
Medical	3,042	3,042	2,237
Dental	324	324	326
Other Benefits	12,014	12,014	12,835
	<u>68,186</u>	<u>72,586</u>	<u>71,954</u>
Contractual Services			
Recycling	8,000	8,000	8,000
Waste Removal - Regular	160,000	160,000	158,539
Waste Removal - Extra	4,500	4,500	4,000
Yard Waste Disposal	87,500	102,400	89,565
Leaf Pickup	8,000	8,000	8,000
Insurance	3,400	3,400	4,438
	<u>271,400</u>	<u>286,300</u>	<u>272,542</u>
Commodities			
Other Supplies	19,000	7,500	7,459
Total Waste Removal	<u>358,586</u>	<u>366,386</u>	<u>351,955</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Public Works - Continued			
Forestry			
Contractual Services			
Professional Services	\$ 500	500	150
Dues & Subscriptions	-	-	1,150
Tree Planting Program	6,000	25,000	25,104
Tree Removal	45,000	32,250	27,560
	<u>51,500</u>	<u>57,750</u>	<u>53,964</u>
Commodities			
Maintenance & Construction Supplies	3,000	3,000	1,745
	<u>3,000</u>	<u>3,000</u>	<u>1,745</u>
Total Forestry	<u>54,500</u>	<u>60,750</u>	<u>55,709</u>
Total Public Works	<u>472,332</u>	<u>471,382</u>	<u>459,055</u>
Public Safety			
Police Department			
Personnel			
Salaries			
Regular	678,179	678,179	677,381
Police Pension Contributions	159,482	159,482	156,418
Overtime	56,933	70,033	64,434
Merit - Vacation Buy Back	8,500	4,400	2,438
Part-Time	69,081	60,081	53,347
Employee Benefits			
Medical	102,055	91,862	87,651
Dental	10,314	10,314	9,690
Life	1,273	1,273	1,271
Other Benefits	53,332	53,332	50,694
	<u>1,139,149</u>	<u>1,128,956</u>	<u>1,103,324</u>
Contractual Services			
Maintenance - Office Equipment	300	300	294
Printing and Publishing	670	670	-
Telephone	2,670	2,670	2,133
Cell Phone	3,000	3,000	1,780
Outside Maintenance Service	1,500	1,500	1,483
Criminal Justice Connectivity	5,220	5,220	1,527
Animal Control and Health Official	1,000	1,000	150
Postage	670	670	486
Dues, Memberships and Subscriptions	23,100	23,100	16,149

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Department - Continued			
Contractual Services - Continued			
Repair and Maintenance - Computer Equipment	\$ 1,000	1,000	912
Repair and Maintenance - Vehicles/Equipment	15,000	15,000	12,966
	<u>54,130</u>	<u>54,130</u>	<u>37,880</u>
Commodities			
Office Supplies	1,670	1,670	1,191
Other Supplies	7,300	7,300	4,097
Uniforms	14,000	14,000	19,752
	<u>22,970</u>	<u>22,970</u>	<u>25,040</u>
Other Expenditures			
Fuel	13,600	13,600	14,456
Recruitment and Training	15,000	10,000	9,354
Miscellaneous	1,200	1,200	32
Auto Allowance	3,200	3,200	3,200
Community Service	2,500	2,500	952
	<u>35,500</u>	<u>30,500</u>	<u>27,994</u>
Total Police Department	<u>1,251,749</u>	<u>1,236,556</u>	<u>1,194,238</u>
Fire Department			
Personnel			
Salaries			
Regular	8,061	8,061	8,078
Merit - Vacation Buy Back	500	500	-
Employee Benefits			
Medical	981	981	981
Dental	99	99	99
	<u>9,641</u>	<u>9,641</u>	<u>9,158</u>
Contractual Services			
Fire Protection	316,700	316,700	237,426
Total Fire Department	<u>326,341</u>	<u>326,341</u>	<u>246,584</u>
Total Public Safety	<u>1,578,090</u>	<u>1,562,897</u>	<u>1,440,822</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Highways and Streets			
Street Department			
Personnel			
Salaries			
Regular	\$ 116,909	116,909	117,620
Overtime	7,667	7,667	8,002
Merit - Vacation Buy Back	1,350	1,350	1,350
Employee Benefits			
Medical	20,820	20,820	22,438
Dental	2,096	2,096	2,276
Life	147	147	148
Other Benefits	29,012	29,012	28,752
	<u>178,001</u>	<u>178,001</u>	<u>180,586</u>
Contractual Services			
Telephone	900	900	876
Cell Phone	850	850	520
Maintenance - Office Equipment	250	250	-
Outside Maintenance	8,500	7,400	6,998
Repair and Maintenance - Computer Equipment	1,000	1,000	912
Repair and Maintenance - Vehicles/Equipment	6,500	6,500	10,633
Signs - Traffic and Streets	5,000	5,000	3,901
Equipment Rental	500	500	-
Engineering Services	10,000	10,000	7,500
Dues, Memberships and Subscriptions	500	500	-
	<u>34,000</u>	<u>32,900</u>	<u>31,340</u>
Commodities			
Office Supplies	200	200	-
Other Supplies	1,000	1,000	1,961
Heating, Electric and Water Utilities	4,400	2,250	485
Maintenance Supplies	10,000	10,000	5,937
Snow Removal Supplies	10,000	5,000	-
Uniforms	500	500	681
Safety Equipment	400	400	57
	<u>26,500</u>	<u>19,350</u>	<u>9,121</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
Street Department - Continued			
Other Expenditures			
Fuel	\$ 6,500	6,500	5,645
Recruitment and Training	300	300	24
Auto Allowance	1,600	1,600	1,600
Miscellaneous Expenditure	-	-	12
	<u>8,400</u>	<u>8,400</u>	<u>7,281</u>
Total Street Department	<u>246,901</u>	<u>238,651</u>	<u>228,328</u>
Street Lighting			
Personnel			
Salaries			
Regular	12,990	12,990	13,069
Overtime	1,333	1,333	889
Merit - Vacation Buy Back	150	150	150
Employee Benefits			
Other Benefits	4,778	4,778	5,697
	<u>19,251</u>	<u>19,251</u>	<u>19,805</u>
Contractual Services			
Repairs and Maintenance	8,000	5,000	1,460
Equipment Rental	500	500	-
	<u>8,500</u>	<u>5,500</u>	<u>1,460</u>
Commodities			
Other Supplies	8,000	4,500	4,070
Heating, Electric and Water Utilities	13,500	13,500	13,735
	<u>21,500</u>	<u>18,000</u>	<u>17,805</u>
Other Expenditures			
Fuel	400	400	298
Total Street Lighting	<u>49,651</u>	<u>43,151</u>	<u>39,368</u>
Total Highways and Streets	<u>296,552</u>	<u>281,802</u>	<u>267,696</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Culture and Recreation			
Beach			
Personnel			
Salaries			
Part-Time	\$ 28,000	20,000	19,961
Employee Benefits			
Other Benefits	2,300	2,300	1,637
	<u>30,300</u>	<u>22,300</u>	<u>21,598</u>
Contractual Services			
Telephone	180	180	206
Miscellaneous	2,000	2,000	1,954
Laboratory Services	600	600	546
	<u>2,780</u>	<u>2,780</u>	<u>2,706</u>
Commodities			
Other Supplies	2,000	2,000	2,087
Other Expenditures			
Recruitment and Training	200	200	-
	<u>200</u>	<u>200</u>	<u>-</u>
Total Culture and Recreation	<u>35,280</u>	<u>27,280</u>	<u>26,391</u>
Capital Outlay			
General Government			
Software	5,800	5,800	4,274
Computer Equipment	1,000	1,000	1,407
Office Furniture	500	500	-
Machinery and Equipment	-	-	479
	<u>7,300</u>	<u>7,300</u>	<u>6,160</u>
Total General Government	<u>7,300</u>	<u>7,300</u>	<u>6,160</u>
Public Works			
Building Improvement & Alterations	-	9,700	-
	<u>-</u>	<u>9,700</u>	<u>-</u>

VILLAGE OF KENILWORTH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Capital Outlay - Continued			
Public Safety			
Police Department			
DUI Fund Expense	\$ 6,000	6,000	7,808
Office Furniture	5,000	-	-
Machinery and Equipment	2,000	2,000	430
Software	500	500	111
Computer Equipment	1,000	1,000	723
Total Public Safety	14,500	9,500	9,072
Highways and Streets			
Street Department			
Machinery and Equipment	700	700	332
Computer Software	-	-	111
Computer Equipment	-	-	135
Total Highways and Streets	700	700	578
Culture and Recreation			
Beach			
Machinery and Equipment	1,000	-	-
Total Capital Outlay	23,500	27,200	15,810
Total Expenditures	2,876,559	2,876,559	2,696,169

VILLAGE OF KENILWORTH, ILLINOIS

Debt Service Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Revenues			
Property Taxes	\$ 519,870	519,870	540,404
Interest Income	1,333	1,333	1,862
Total Revenues	<u>521,203</u>	<u>521,203</u>	<u>542,266</u>
Expenditures			
Debt Service			
Principal Retirement	933,000	933,000	933,000
Interest and Fiscal Charges	123,424	123,424	120,255
Total Expenditures	<u>1,056,424</u>	<u>1,056,424</u>	<u>1,053,255</u>
Net Change in Fund Balance	<u>(535,221)</u>	<u>(535,221)</u>	(510,989)
Fund Balance - Beginning			<u>819,949</u>
Fund Balance - Ending			<u>308,960</u>

VILLAGE OF KENILWORTH, ILLINOIS

Capital Projects Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Revenues			
Interest Income	\$ 650	650	1,412
Expenditures			
Capital Outlay	521,000	521,000	380,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	(520,350)	(520,350)	(379,543)
Other Financing Sources			
Debt Issuance	593,000	593,000	593,000
Net Change in Fund Balance	<u>72,650</u>	<u>72,650</u>	213,457
Fund Balance - Beginning			<u>350,372</u>
Fund Balance - Ending			<u>563,829</u>

VILLAGE OF KENILWORTH, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental - Special Revenue Funds
December 31, 2012

	Sewer Service	Motor Fuel Tax	E-911	Totals
ASSETS				
Cash and Investments	\$ 182,854	304,726	228,616	716,196
Receivables - Net of Allowances Accounts	16,063	5,202	700	21,965
Total Assets	198,917	309,928	229,316	738,161
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	6,533	64,702	651	71,886
Fund Balances				
Restricted	-	245,226	228,665	473,891
Committed	192,384	-	-	192,384
Total Fund Balance	192,384	245,226	228,665	666,275
Total Liabilities and Fund Balances	198,917	309,928	229,316	738,161

VILLAGE OF KENILWORTH, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

**Nonmajor Governmental - Special Revenue Funds
For the Eight Months Ended December 31, 2012**

	Sewer Service	Motor Fuel Tax	E-911	Totals
Revenues				
Intergovernmental	\$ -	51,935	-	51,935
Charges for Services	72,417	-	46,805	119,222
Interest Income	502	888	586	1,976
Miscellaneous	2,000	-	-	2,000
Total Revenues	74,919	52,823	47,391	175,133
Expenditures				
Public Works	27,721	-	-	27,721
Public Safety	-	-	15,613	15,613
Highways and Streets	-	209,884	-	209,884
Total Expenditures	27,721	209,884	15,613	253,218
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,198	(157,061)	31,778	(78,085)
Other Financing (Uses)				
Transfers Out	(33,128)	-	(24,266)	(57,394)
Net Change in Fund Balances	14,070	(157,061)	7,512	(135,479)
Fund Balances - Beginning	178,314	402,287	221,153	801,754
Fund Balances - Ending	192,384	245,226	228,665	666,275

VILLAGE OF KENILWORTH, ILLINOIS

Sewer Service - Special Revenue Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Sewer Charges	\$ 55,000	55,000	72,417
Interest Income	525	525	502
Miscellaneous	-	-	2,000
Total Revenues	<u>55,525</u>	<u>55,525</u>	<u>74,919</u>
Expenditures			
Public Works			
Outside Maintenance Services	10,000	10,000	10,125
Repair and Maintenance - Vehicles/Equipment	6,000	6,000	2,622
Engineering	20,000	20,000	12,541
Equipment Rental	500	500	-
Other Supplies	500	500	220
Maintenance and Construction Supplies	3,000	3,000	57
Permit Fee	1,000	1,000	1,000
Miscellaneous	-	-	1,156
Capital Outlay	71,000	71,000	-
Total Expenditures	<u>112,000</u>	<u>112,000</u>	<u>27,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,475)	(56,475)	47,198
Other Financing (Uses)			
Transfers Out	<u>(33,128)</u>	<u>(33,128)</u>	<u>(33,128)</u>
Net Change in Fund Balance	<u>(89,603)</u>	<u>(89,603)</u>	14,070
Fund Balance - Beginning			<u>178,314</u>
Fund Balance - Ending			<u><u>192,384</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 Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Allotment	\$ 47,500	47,500	51,935
Interest Income	800	800	888
Total Revenues	48,300	48,300	52,823
Expenditures			
Highways and Streets	216,000	216,000	209,884
Net Change in Fund Balance	<u>(167,700)</u>	<u>(167,700)</u>	(157,061)
Fund Balance - Beginning			<u>402,287</u>
Fund Balance - Ending			<u>245,226</u>

VILLAGE OF KENILWORTH, ILLINOIS

E-911 - Special Revenue Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Surcharge Revenue	\$ 43,500	43,500	46,805
Interest Income	350	350	586
Total Revenues	43,850	43,850	47,391
Expenditures			
Public Safety	36,200	36,200	15,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,650	7,650	31,778
Other Financing (Uses)			
Transfers Out	(24,266)	(24,266)	(24,266)
Net Change in Fund Balance	(16,616)	(16,616)	7,512
Fund Balance - Beginning			221,153
Fund Balance - Ending			228,665

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 710,800	710,800	876,917
Miscellaneous	-	-	1,064
Total Operating Revenues	<u>710,800</u>	<u>710,800</u>	<u>877,981</u>
Operating Expenses			
Operations			
Personnel	243,881	243,881	243,579
Contractual Services	173,950	150,050	106,613
Commodities	53,000	60,400	49,157
Other Expenses	7,633	24,133	22,762
Depreciation and Amortization	-	-	134,370
Total Operating Expenses	<u>478,464</u>	<u>478,464</u>	<u>556,481</u>
Operating Income	<u>232,336</u>	<u>232,336</u>	<u>321,500</u>
Nonoperating Revenues (Expenses)			
Interest Income	-	-	228
Interest and Fiscal Charges	(93,781)	(93,781)	(107,462)
	<u>(93,781)</u>	<u>(93,781)</u>	<u>(107,234)</u>
Change in Net Position	<u>138,555</u>	<u>138,555</u>	214,266
Net Position - Beginning as Restated			<u>1,541,006</u>
Net Position - Ending			<u>1,755,272</u>

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Operations			
Personnel			
Salaries			
Regular	\$ 168,084	168,084	\$ 165,978
Overtime	7,667	7,667	8,996
Merit - Vacation Buy Back	1,850	1,850	6,338
Compensated Absences	-	-	(5,017)
Employee Benefits			
Medical	22,843	22,843	23,363
Dental	2,328	2,328	2,502
Life	337	337	336
Other Benefits	40,772	40,772	41,083
Total Personnel	243,881	243,881	243,579
Contractual Services			
Village Attorney	6,700	12,500	11,334
Printing and Publishing	1,000	1,000	1,150
Telephone and Internet	7,000	7,000	5,883
Outside Maintenance	6,700	6,700	5,013
Laboratory Services	2,000	2,000	1,664
Professional Services	3,500	3,500	-
Postage	1,600	1,600	2,602
Dues, Memberships and Subscriptions	350	350	-
Equipment Rental	200	200	259
Miscellaneous Services	3,500	3,500	3,694
Engineering	64,000	28,200	22,817
Repairs and Maintenance - Computer Equipment	2,000	2,000	4,412
Repairs and Maintenance - Vehicles/Equipment	3,000	3,000	5,117
Repairs and Maintenance - Hydrant/Valve	2,000	2,000	1,978
Repairs and Maintenance	70,400	76,500	40,690
Total Contractual Services	173,950	150,050	106,613

VILLAGE OF KENILWORTH, ILLINOIS

Waterworks System - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued
For the Eight Months Ended December 31, 2012

	Budget		Actual
	Original	Final	
Operations - Continued			
Commodities			
Janitorial Supplies	\$ 1,500	1,500	255
Office Supplies	400	400	280
Other Supplies	200	200	25
Maintenance Supplies	14,300	14,300	10,357
Heating, Electric and Water Utilities	26,000	26,000	20,286
Uniforms	600	600	629
Chemicals	10,000	17,400	17,325
Total Commodities	53,000	60,400	49,157
Other Expenses			
Auto Allowance	1,600	1,600	1,600
Fuel	4,533	4,533	3,979
Recruitment and Training	1,000	1,000	700
Miscellaneous	500	17,000	16,483
Total Other Expenses	7,633	24,133	22,762
Depreciation and Amortization	-	-	134,370
Debt Service			
Principal Retirement	140,000	140,000	140,000
Interest Expense	93,781	93,781	107,462
	233,781	233,781	247,462
Less Nonoperating Items			
Debt Service	(233,781)	(233,781)	(247,462)
Total Debt Service	-	-	-
Total Operating Expenses	478,464	478,464	556,481

VILLAGE OF KENILWORTH, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Eight Months Ended December 31, 2012**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 159,482	159,482	156,418
Contributions - Employee	50,877	50,877	51,178
Total Contributions	210,359	210,359	207,596
Investment Income			
Interest Income	66,785	66,785	79,575
Net Change in Fair Value	-	-	16,637
	66,785	66,785	96,212
Less Investment Expenses	(13,500)	(13,500)	(16,029)
Net Investment Income	53,285	53,285	80,183
Total Additions	263,644	263,644	287,779
Deductions			
Administration	6,950	6,950	5,525
Benefits and Refunds	351,000	351,000	350,844
Total Deductions	357,950	357,950	356,369
Change in Net Position	(94,306)	(94,306)	(68,590)
Net Position Held in Trust for Pension Benefits			
Beginning			5,657,816
Ending			5,589,226

SUPPLEMENTAL SCHEDULES

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation (Alternate Revenue Source) Refunding Bonds of 2006B
December 31, 2012**

Date of Issue	August 15, 2006
Date of Maturity	December 1, 2030
Authorized Issue	\$4,655,000
Denomination of Bonds	\$5,000
Interest Rates	3.90% - 4.20%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	J P Morgan Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ 145,000	154,793	299,793	2013	77,397	2013	77,396
2014	155,000	149,138	304,138	2014	74,569	2014	74,569
2015	160,000	142,938	302,938	2015	71,469	2015	71,469
2016	165,000	136,538	301,538	2016	68,269	2016	68,269
2017	170,000	129,938	299,938	2017	64,969	2017	64,969
2018	180,000	123,138	303,138	2018	61,569	2018	61,569
2019	185,000	115,938	300,938	2019	57,969	2019	57,969
2020	195,000	108,538	303,538	2020	54,269	2020	54,269
2021	200,000	100,640	300,640	2021	50,320	2021	50,320
2022	210,000	92,540	302,540	2022	46,270	2022	46,270
2023	220,000	83,930	303,930	2023	41,965	2023	41,965
2024	225,000	74,910	299,910	2024	37,455	2024	37,455
2025	235,000	65,573	300,573	2025	32,787	2025	32,786
2026	245,000	55,820	300,820	2026	27,910	2026	27,910
2027	255,000	45,653	300,653	2027	22,827	2027	22,826
2028	265,000	35,070	300,070	2028	17,535	2028	17,535
2029	280,000	23,940	303,940	2029	11,970	2029	11,970
2030	290,000	12,180	302,180	2030	6,090	2030	6,090
	<u>3,780,000</u>	<u>1,651,215</u>	<u>5,431,215</u>		<u>825,609</u>		<u>825,606</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Refunding Bonds of 2007
December 31, 2012**

Date of Issue	January 15, 2007
Date of Maturity	December 1, 2018
Authorized Issue	\$3,765,000
Denomination of Bonds	\$5,000
Interest Rates	3.60% - 3.90%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	J P Morgan Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	\$ 350,000	87,688	437,688	2013	43,844	2013	43,844
2014	365,000	74,738	439,738	2014	37,369	2014	37,369
2015	375,000	61,050	436,050	2015	30,525	2015	30,525
2016	390,000	46,800	436,800	2016	23,400	2016	23,400
2017	400,000	31,785	431,785	2017	15,893	2017	15,892
2018	415,000	16,185	431,185	2018	8,093	2018	8,092
	<u>2,295,000</u>	<u>318,246</u>	<u>2,613,246</u>		<u>159,124</u>		<u>159,122</u>

VILLAGE OF KENILWORTH, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Limited Bonds of 2012
December 31, 2012**

Date of Issue	August 8, 2012
Date of Maturity	December 1, 2013
Authorized Issue	\$593,000
Denomination of Bonds	\$1,000
Interest Rates	0.800%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	First Bank & Trust

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2013	<u>\$ 593,000</u>	<u>6,233</u>	<u>599,233</u>	2013	<u>3,861</u>	2013	<u>2,372</u>