

# Village of Kirkland

Kirkland, Illinois

## Annual Financial Report

For the Year Ended April 30, 2017

Prepared By

William J. Newkirk, Treasurer  
Village of Kirkland, Illinois

VILLAGE OF KIRKLAND, ILLINOIS  
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VILLAGE OF KIRKLAND, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2017

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***VILLAGE BOARD***

Ryan Block, Village President

***TRUSTEES***

Coleen Ford

Brandon Wiegartz

Emily Harvel

Steve Devlieger

Mary Micele

Sarah Ziegler

Carol Steigman, Village Clerk

***VILLAGE ADMINISTRATION***

Ryan Block, Chief Executive Officer

Adam Davenport, Police Chief

Dale Miller, Public Works Director

Carol Steigman, Office Manager

William Newkirk, Treasurer

INDEPENDENT AUDITOR'S REPORT



## **Independent Auditor's Report**

Board of Trustees  
Village of Kirkland, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Village of Kirkland, Illinois as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from 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 the 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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, and each major fund of the Village of Kirkland, Illinois as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States require that the management discussion and analysis on pages 4 through 14 and the budgetary comparison information and the schedules of employer's proportionate share of the net pension liability and employer contributions – IMRF on pages 47 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Kirkland, Illinois' basic financial statements as a whole. The schedules shown as supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



The information on pages 74 through 76 have 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 them.

**Report on Summarized Comparative Information**

We have previously audited the Village's 2016 financial statements, and our opinion stated that the supplementary information was fairly stated in relation to the basic financial statements in our report dated August 30, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2016, is fairly stated in relation to the audited financial statements from which it has been derived.

*Wipfli LLP*

Rockford, Illinois  
October 26, 2017

## MANAGEMENT DISCUSSION AND ANALYSIS

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS  
April 30, 2017

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The management of the Village of Kirkland, Illinois (the "Village") offers readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2017. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved appropriation), and (5) identify individual fund issues or concerns.

**USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT**

Historically, the primary focus of local government financial statements has been summarized fund type information on a current financial resource basis. This approach has been modified by Government Accounting Standards Board Statement No. 34. As a result, the Village's financial statements now present two kinds of statements, each with a different snapshot of the Village's finances. The focus of the new financial statements is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The focus of the Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources management focus. 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.

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 the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future.

Both of the government-wide financial statements (see pages 15 - 17) distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (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 reflect the Village's basic services, including administration, public safety, highways and streets, and sanitation. The business-type activities include the operations of the water and sewer system.

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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**Fund Financial Statements**

Traditional users of governmental financial statements will find the fund financial statements to be more familiar. The focus of presentation is on major funds rather than fund types. 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 state and 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 fund.

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

Because the focus of governmental funds financial statements 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 this comparison between governmental funds and governmental activities.

The Village maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Motor Fuel Tax Fund, Tax Incremental Financing Fund, Revolving Loan Fund, and the Capital Projects Fund, each of which is considered to be a "major" fund.

The Village adopts an annual appropriation/budget for each of its governmental funds. Budgetary comparison statements have been provided elsewhere in the report to demonstrate compliance with the appropriation/budget. The basic governmental fund financial statements can be found on pages 18 – 21 of this report.

**Proprietary Funds.** The Village maintains one proprietary fund. The Water and Sewer Fund, an enterprise fund, is used to report the same type of information as presented as business-type activities in the government-wide financial statements, only in more detail. The enterprise fund is used to account for the operations of the Village's water and sewer system. The Water and Sewer Fund is considered to be a major fund of the Village.

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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The basic proprietary fund financial statements can be found on pages 22 - 24 of this report. Budgetary information for the Water and Sewer Fund, including sub-accounts for operations, water system improvements, and sewer system improvements are included elsewhere in this report.

**Infrastructure Assets**

Historically, a government's largest group of assets (infrastructure assets – roads, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. GASB Statement No. 34 requires that these assets be valued and reported within the Governmental Activities column of the government-wide statements. Additionally, the government must elect to: (1) depreciate the assets over their useful life; or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity (modified approach). The Village has chosen to depreciate assets over the useful life. If a road project is considered maintenance - a recurring cost that does not extend the original useful life or expand its capacity - the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

**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 25 - 46 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). The RSI includes schedules of revenues, expenditures, and changes in fund balance - budget and actual for the General Fund, Motor Fuel Tax Fund, Tax Incremental Financing Fund, and Revolving Loan Fund along with information concerning the Village's progress in funding its pension benefit obligations through the Illinois Municipal Retirement Pension Fund. Please see pages 47 - 54 of this report.

Additionally, certain supplemental schedules containing more detailed information on fund revenues and expenditures, capital assets, assessed valuations, and property tax rates and tax levies can be found on pages 55 – 76.

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

In accordance with GASB Statement No. 34, a comparative analysis of government-wide information is presented in the government-wide financial statements on pages 15 – 17 and summarized on the next two pages:

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

**GOVERNMENT-WIDE STATEMENTS**

**Statement of Net Position**

Net position may serve over time as a useful indicator of a government's financial position. The following table shows the net position of the Village of Kirkland as of April 30, 2017.

A significant portion of the Village's net position (69%) reflects its net investment in capital assets less any related outstanding debt used to acquire those assets. Approximately 15% of net position represents resources subject to restrictions on how they may be used, and about 16%, or \$758,726, represents unrestricted net position and may be used to meet the Village's ongoing obligations. During the fiscal year ended April 30, 2017, net position of governmental activities increased \$102,818 and business-type net position decreased \$32,037 for an overall increase of \$70,781.

Table 1  
**Statement of Net Position**  
As of April 30, 2016 and 2017

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
<b>Assets</b>						
Current Assets	\$ 1,527,695	\$ 1,760,419	\$ 485,955	\$ 532,025	\$ 2,013,650	\$ 2,292,444
Capital Assets	1,686,201	1,601,056	1,585,925	1,503,276	3,272,126	3,104,332
Total Assets	3,213,896	3,361,475	2,071,880	2,035,301	5,285,776	5,396,776
Deferred Outflows	53,611	42,225	27,022	21,335	-	63,560
Current Liabilities	78,036	94,667	9,057	10,661	87,093	105,328
Non-Current Liabilities	267,117	166,121	71,138	36,576	338,255	202,697
Total Liabilities	345,153	260,788	80,195	47,237	425,348	308,025
Deferred Inflows						
Of Resources	460,135	577,875	20,955	43,684	481,090	621,559
Total Liabilities and Deferred Inflows	805,288	838,663	101,150	90,921	906,438	929,584
<b>Net Position</b>						
Net Investment In						
Capital Assets	1,686,201	1,475,072	1,585,925	1,503,276	3,272,126	2,978,348
Restricted	598,094	667,694	-	-	598,094	667,694
Unrestricted	177,924	422,271	411,827	462,439	589,751	884,710
Total Net Position	\$ 2,462,219	\$ 2,565,037	\$ 1,997,752	\$ 1,965,715	\$ 4,459,971	\$ 4,530,752

For more detailed information see the Statement of Net Position (page 15)

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

**Statement of Activities**

The table below summarizes the revenue and expenses of the Village's activities for the fiscal year ended April 30, 2017.

Table 2  
**Changes In Net Position**  
For the Fiscal Year Ended April 30, 2016 and 2017

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
<b>Revenues</b>						
Program Revenues						
Charges For Services	\$ 212,997	\$ 231,359	\$ 309,175	\$ 332,293	\$ 522,172	\$ 563,652
Operating Grants	44,610	44,204	-	-	44,610	44,204
Capital Grant	-	-	-	-	-	-
General Revenues						
Property Tax	419,038	417,109	-	-	419,038	417,109
Sales Tax	116,251	127,446	-	-	116,251	127,446
State Income Tax	185,862	164,852	-	-	185,862	164,852
Utility Tax	101,515	101,541	-	-	101,515	101,541
Other Taxes	60,147	52,188	-	-	60,147	52,188
Investment Income	1,054	2,872	189	185	1,243	3,057
Miscellaneous	3,596	29,985	-	-	3,596	29,985
<b>Total Revenues</b>	<b>1,145,070</b>	<b>1,171,556</b>	<b>309,364</b>	<b>332,478</b>	<b>1,454,434</b>	<b>1,504,034</b>
<b>Expenses</b>						
General Government	348,156	375,915	-	-	348,156	375,915
Public Safety	380,651	328,665	-	-	380,651	328,665
Highways and Streets	256,078	212,947	-	-	256,078	212,947
Sanitation	140,479	146,990	-	-	140,479	146,990
Interest	1,682	4,221	-	-	1,682	4,221
Water and Sewer	-	-	372,824	364,515	372,824	364,515
<b>Total Expenses</b>	<b>1,127,046</b>	<b>1,068,738</b>	<b>372,824</b>	<b>364,515</b>	<b>1,499,870</b>	<b>1,433,253</b>
<b>Change In Net Position</b>	<b>18,024</b>	<b>102,818</b>	<b>(63,460)</b>	<b>(32,037)</b>	<b>(45,436)</b>	<b>70,781</b>
<b>Net Position, May 1</b>	<b>2,566,653</b>	<b>2,462,219</b>	<b>2,122,937</b>	<b>1,997,752</b>	<b>4,689,590</b>	<b>4,459,971</b>
Prior Period Adjustment	(122,458)	-	(61,725)	-	(184,183)	-
<b>Net Position, May 1, Restated</b>	<b>2,444,195</b>	<b>2,462,219</b>	<b>2,061,212</b>	<b>1,997,752</b>	<b>4,505,407</b>	<b>4,459,971</b>
<b>Net Position, April 30</b>	<b>\$ 2,462,219</b>	<b>\$ 2,565,037</b>	<b>\$ 1,997,752</b>	<b>\$ 1,965,715</b>	<b>\$ 4,459,971</b>	<b>\$ 4,530,752</b>

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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**CURRENT YEAR FINANCIAL IMPACTS**

**Governmental Activities**

***Revenues***

Total revenues for the Village's governmental activities for the fiscal year ended April 30, 2017 were \$1,171,556. This total includes \$44,204 in "operating grants" that represent state shared motor fuel taxes. In comparison to the prior year, total revenues increased \$26,486 primarily because of increases to sales tax revenue, garbage charges, and police reimbursements.

The revenue mix, received in the fiscal year ended April 30, 2017, represents a relatively diverse revenue base. About 24% of revenues were provided by service charges and operating grants, 36% from property taxes, 19% from state shared revenues, 11% from sales taxes, 9% from utility taxes, and 3% from other sources.

State-shared revenues including state income tax, use tax, video gaming tax, and personal property replacement tax totaled \$217,040 in the fiscal year ended April 30, 2017, a decrease of \$28,969 from the previous year. However, sales tax revenues of \$127,446 increased \$11,195, or about 16% from the previous fiscal year. This was after sales taxes in the 2014/2015 fiscal year increased about 85%, primarily as a result of a new building truss manufacturer that opened in the 2013/2014 fiscal year and a 16% decrease in the 2015/2016 fiscal year.

***Expenses***

Total expenses for the Village's governmental activities for the fiscal year ended April 30, 2017 were \$1,068,738. As required by GASB Statement No. 34, total expenses include depreciation but it excludes expenditures for capital assets. The largest functional expense was public safety at \$328,665. This amount was followed by \$212,947 for highways and streets, \$194,166 for general government, \$181,749 for Tax Incremental financing Projects, \$146,990 for sanitation (refuse disposal) and \$4,221 for interest expense. Overall, total revenues in governmental activities exceeded total expenses by \$102,818.



VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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**Business-Type Activities**

***Revenues***

Total revenues for the Village's business-type activities for the fiscal year ended April 30, 2017 were \$332,478. This amount included \$332,293 for water and sewer charges and \$185 for interest income. Charges for water and sewer service provided about 91% of total related business-type expenses including depreciation.

***Expenses***

Total expenses, including depreciation of \$82,649, for the Village's business-type activities for the fiscal year ended April 30, 2017 were \$364,515. During the year, the net position of business-type activities decreased \$32,037.

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

As noted earlier, the Village of Kirkland uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of April 30, 2017, the governmental funds (as presented on the balance sheet on page 18) had combined fund balances of \$1,189,898. This represents an overall increase of \$140,736 from prior year fund balances. The General Fund increased \$71,136 along with an increase of \$37 in the Revolving Loan Fund. The Motor Fuel Tax Fund increased \$36,111, along with an increase in the Tax Increment Financing Fund of \$33,452.

The total net position of the Water and Sewer Fund decreased from \$1,997,752 at April 30, 2016 to \$1,965,715 at April 30, 2017, a decrease of \$32,037. However, of greater significance is the unrestricted portion of net position of the Water and Sewer Fund which increased \$50,612. The total amount of unrestricted net position, which represents net working capital, as of April 30, 2017 was \$462,439 compared to \$411,827 as of April 30, 2016.

The revenues of the Village have been impacted by the stagnation in the general economy and especially by the slowdown in the residential housing market. The slowdown in the residential housing market has resulted in a reduction in permit fees, water and sewer tap on fees, and expected increases in water and sewer operating revenues. A bright spot in the Village's revenue picture is the increase in sales tax, which jumped about 85% during the 2014/2015 fiscal year and has continued to increase with a 16% increase in the 2016/2017 fiscal year. Property taxes, especially in the TIF District have also increased as the real estate market continues to improve.

The available balances of each of the Village funds appear to be adequate as of April 30, 2017 for working cash and contingencies.

The table on the following page shows the appropriation amounts and the actual revenues and expenditures for the General Fund:

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Table 3  
General Fund Appropriation Highlights  
For the Fiscal Year Ended April 30, 2017  
(With Comparative Actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
Revenues				
Taxes	\$ 431,740	\$ 431,740	\$ 428,102	\$ 443,329
Licenses and Permits	24,100	24,100	17,966	21,252
Intergovernmental Revenue	256,750	256,750	216,935	245,259
Service Charges	146,350	146,350	161,985	146,375
Fines and Forfeits	36,000	36,000	51,408	45,370
Investment Income	400	400	1,765	561
Miscellaneous	31,887	31,887	29,985	2,973
Total Revenue	<u>927,227</u>	<u>927,227</u>	<u>908,146</u>	<u>905,119</u>
Expenditures				
Current				
General Government	205,174	205,174	181,009	201,730
Public Safety	398,065	398,065	324,442	313,911
Highways and Streets	171,763	171,763	149,034	189,633
Sanitation	144,600	144,600	146,990	140,479
Capital Outlay	105,000	105,000	-	2,424
Debt Service	65,535	65,535	35,535	9,384
Total Expenditures	<u>1,090,137</u>	<u>1,090,137</u>	<u>837,010</u>	<u>857,561</u>
Net Change In Fund Balance	<u>\$ (162,910)</u>	<u>\$ (162,910)</u>	71,136	47,558
Fund Balance, Beginning			<u>451,068</u>	<u>403,510</u>
Fund Balance, Ending			<u>\$ 522,204</u>	<u>\$ 451,068</u>

The General Fund total revenues exceeded total expenditures by \$71,136 increasing fund balance by that amount. The fund balance increased from \$451,068 to \$522,204.

The fund balance of the General Fund of \$522,204 compared to total expenditures of \$837,010 represents a fund balance to expenditures ratio of 62.4%. A fund balance to expenditures ratio in excess of 50% in a municipality the size of Kirkland indicates a relatively good financial position.

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

**CAPITAL ASSETS**

The following schedule reflects the Village's capital asset balances as of April 30, 2017.

Table 4  
**Capital Assets**  
As of April 30, 2017  
(With Comparative Actual for 2016)

	2017			2016
	Governmental Activities	Business-Type Activities	Totals	Totals
Building and Improvements	\$ 722,934	\$ -	\$ 722,934	\$ 722,934
Equipment and Vehicles	343,058	478,451	821,509	821,509
Pioneer Park Improvement	42,853	-	42,853	42,853
Infrastructure	1,336,113	-	1,336,113	1,336,113
Water and Sewer System	-	1,702,928	1,702,928	1,702,928
Sewer Treatment Plant	-	1,038,181	1,038,181	1,038,181
<b>Total Capital Assets</b>				
Excluding Depreciation	<u>2,444,958</u>	<u>3,219,560</u>	<u>5,664,518</u>	<u>5,664,518</u>
Less:				
Accumulated Depreciation	<u>843,902</u>	<u>1,716,284</u>	<u>2,560,186</u>	<u>2,392,392</u>
<b>Total Capital Assets</b>	<u><u>\$ 1,601,056</u></u>	<u><u>\$ 1,503,276</u></u>	<u><u>\$ 3,104,332</u></u>	<u><u>\$ 3,272,126</u></u>

At year-end, the Village's investment in capital assets (net of accumulated depreciation) for both its governmental and business-type activities was \$3,104,332 (see note 3 in the Notes to the Financial Statements for further information regarding capital assets). During the fiscal year ended April 30, 2017, there were no additions to capital assets. Additional information on the Village's capital assets can be found on pages 36 - 37 of the notes to the financial statements.

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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**LONG-TERM DEBT**

During the 2016 fiscal year the Village obtained an installment note for \$165,000 for five years to purchase property that was in a flood plain. As of April 30, 2016 the balance of this note was \$157,298. A total of \$31,314 in principal was paid on the note as of April 30, 2017. There is no debt outstanding for the Business-Type Activities. The table below compares the Village's outstanding long-term debt as of April 30, 2016 and April 30, 2017.

Table 5  
**Long-Term Debt**  
As of April 30, 2017  
(With Comparative Actual for 2016)

	2017			2016 Total
	Governmental Activities	Business-Type Activities	Total	
Installment Note	\$ 125,984	\$ -	\$ 125,984	\$ 157,298
Total Long-Term Debt	<u>\$ 125,984</u>	<u>\$ -</u>	<u>\$ 125,984</u>	<u>\$ 157,298</u>

The Village has used general revenues to pay the annual principal and interest for the general obligation debt.

**ECONOMIC FACTORS**

**Accomplishments**

*Tax increment financing (TIF) district* - TIF funds have allowed the Village to continue to support projects to improve the community. Improvements to the Kirkland Public Library and assistance to the Hiawatha School District with facility renovation costs have been supported by TIF funding. In addition, a bucket truck, a bobcat tractor, a warning siren, water and sewer equipment and facilities, and Village entrance signs have been financed by TIF revenues.

During the recent fiscal years, TIF monies were used to partially fund sewer system improvements, water and sewer equipment and an expansion of the sewer treatment plant building. The TIF District was established in 1995 and has a total life of 23 years.

VILLAGE OF KIRKLAND, ILLINOIS  
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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**Challenges**

*Waste Water Treatment Plant* –With the possibility of future development to the west of the existing Village limits and future growth limitations caused by the age and capacity of the existing WWTP, the Village Board will continue to explore solutions for this concern.

*Police department funding* – Police department funding continues to be a concern for Village management and elected officials. Concerns regarding limited space and manpower due to funding limitations are one of the major issues facing the Village Board. The limitation of available funds has been exacerbated by the current slowdown in the economy and will be one of the challenges during the coming year.

*Growth plans* – The support of local business expansion efforts and attracting new businesses and developers will remain a strong consideration for Village officials. Although residential building is presently at a standstill, the Village is positioning itself to be able to provide necessary Village services to potential developers when the opportunity presents itself.

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to: Village Treasurer, Village of Kirkland, 511 W. Main Street, Kirkland, Illinois 60146.

## FINANCIAL STATEMENTS

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 1,143,161	\$ 491,682	\$ 1,634,843
Receivables			
Property Taxes	491,418	-	491,418
Other Taxes	87,096	-	87,096
Accounts	25,797	52,090	77,887
Miscellaneous	1,200	-	1,200
Internal Balances	11,747	(11,747)	-
Capital Assets, Net of Accumulated Depreciation	1,601,056	1,503,276	3,104,332
<b>Total Assets</b>	<b>3,361,475</b>	<b>2,035,301</b>	<b>5,396,776</b>
<b>DEFERRED OUTFLOWS</b>			
Pension Related	42,225	21,335	63,560
<b>LIABILITIES</b>			
Accounts Payable	41,643	8,504	50,147
Accrued Payroll	14,780	2,157	16,937
Other Liabilities	5,993	-	5,993
Notes Payable - due within one year	32,251	-	32,251
Noncurrent Liabilities			
Notes Payable	93,733	-	93,733
Net Pension Liability	72,388	36,576	108,964
<b>Total Liabilities</b>	<b>260,788</b>	<b>47,237</b>	<b>308,025</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related	86,457	43,684	130,141
Property Taxes	491,418	-	491,418
<b>Total Deferred Inflows Of Resources</b>	<b>577,875</b>	<b>43,684</b>	<b>621,559</b>
<b>Total Liabilities and Deferred Inflows     of Resources</b>	<b>838,663</b>	<b>90,921</b>	<b>929,584</b>
<b>NET POSITION</b>			
Net Investment In Capital Assets	1,475,072	1,503,276	2,978,348
Restricted For			
Economic Development Loans	91,767	-	91,767
Highways and Streets	200,934	-	200,934
Tax Incremental Financing District	374,993	-	374,993
Unrestricted	422,271	462,439	884,710
<b>Total Net Position</b>	<b>\$ 2,565,037</b>	<b>\$ 1,965,715</b>	<b>\$ 4,530,752</b>

See Notes to Financial Statements

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2017

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
Governmental Activities				
General Government	\$ 375,915	\$ 17,966	\$ -	\$ -
Public Safety	328,665	59,585	-	-
Highways and Streets	212,947	-	44,204	-
Sanitation	146,990	153,808	-	-
Interest	4,221	-	-	-
Total Governmental Activities	1,068,738	231,359	44,204	-
Business-Type Activities				
Water and Sewer Service	364,515	332,293	-	-
Total Business-Type Activities	364,515	332,293	-	-
TOTAL PRIMARY GOVERNMENT	\$ 1,433,253	\$ 563,652	\$ 44,204	\$ -

See Notes to Financial Statements.



	Net (Expense) Revenue and Change In Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (357,949)	\$ -	\$ (357,949)
	(269,080)	-	(269,080)
	(168,743)	-	(168,743)
	6,818	-	6,818
	(4,221)	-	(4,221)
	(793,175)	-	(793,175)
	-	(32,222)	(32,222)
	-	(32,222)	(32,222)
	(793,175)	(32,222)	(825,397)
General Revenues			
Property Taxes	417,109	-	417,109
Sales Tax	127,446	-	127,446
Utility Taxes	101,541	-	101,541
Intergovernmental - Unrestricted			
State Income Tax	164,852	-	164,852
Other Taxes	52,188	-	52,188
Investment Income	2,872	185	3,057
Miscellaneous	29,985	-	29,985
Total General Revenue	895,993	185	896,178
CHANGE IN NET POSITION	102,818	(32,037)	70,781
NET POSITION, MAY 1	2,462,219	1,997,752	4,459,971
NET POSITION, APRIL 30	\$ 2,565,037	\$ 1,965,715	\$ 4,530,752

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2017

	General	Motor Fuel Tax	Tax Incremental Financing	Revolving Loan Fund	Capital Projects Fund	Total
<b>ASSETS</b>						
Cash	\$ 470,127	\$ 198,872	\$ 382,395	\$ 91,767	\$ -	\$ 1,143,161
Receivables						
Property Taxes	205,415	-	286,003	-	-	491,418
Other Taxes	83,278	3,818	-	-	-	87,096
Accounts	25,797	-	-	-	-	25,797
Due From Other Funds	11,779	-	-	-	-	11,779
Miscellaneous	1,200	-	-	-	-	1,200
Total Assets	\$ 797,596	\$ 202,690	\$ 668,398	\$ 91,767	\$ -	\$ 1,760,451
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 32,487	\$ 1,756	\$ 7,400	\$ -	\$ -	\$ 41,643
Accrued Payroll	14,780	-	-	-	-	14,780
Other Payables	5,993	-	-	-	-	5,993
Due To Other Funds	30	-	2	-	-	32
Total Liabilities	53,290	1,756	7,402	-	-	62,448
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Property Taxes	205,415	-	286,003	-	-	491,418
Unavailable Revenue - Other Taxes	16,687	-	-	-	-	16,687
Total Deferred Inflows Of Resources	222,102	-	286,003	-	-	508,105
Total Liabilities and Deferred Inflows of Resources	275,392	1,756	293,405	-	-	570,553
<b>FUND BALANCES</b>						
Restricted						
Economic Development Loans	-	-	-	91,767	-	91,767
Highways and Streets	-	200,934	-	-	-	200,934
Tax Incremental Financing District	-	-	374,993	-	-	374,993
Assigned						
Capital Improvements	100,500	-	-	-	-	100,500
Unassigned	421,704	-	-	-	-	421,704
Total Fund Balances	522,204	200,934	374,993	91,767	-	1,189,898
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 797,596</b>	<b>\$ 202,690</b>	<b>\$ 668,398</b>	<b>\$ 91,767</b>	<b>\$ -</b>	<b>\$ 1,760,451</b>

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

April 30, 2017

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,189,898
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Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Deferred Resources in governmental activities are  
not financial resources and, therefore are not  
reported in the Governmental Funds.

Long -Term Receivables	16,687
Deferred Outflows Related to Pensions	42,225

Capital Assets used in governmental activities are  
not financial resources and, therefore, are not  
reported in the Governmental Funds

1,601,056

Liabilities applicable to the Village's governmental  
activities that are not due and payable from current  
resources are not reported as governmental fund  
liabilities. Amounts reported in the Statement of Net  
Position that are not reported in the governmental  
fund balance sheet are:

Notes Payable	(125,984)
Net Pension Liability	(72,388)
Deferred Inflows Related to Pensions	(86,457)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 2,565,037

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2017

	General	Motor Fuel Tax	Tax Incremental Financing	Revolving Loan Fund	Capital Projects Fund	Total
<b>REVENUES</b>						
Taxes	\$ 428,102	\$ -	\$ 214,662	\$ -	\$ -	\$ 642,764
Licenses and Permits	17,966	-	-	-	-	17,966
Intergovernmental Revenue	216,935	44,204	-	-	-	261,139
Service Charges	161,985	-	-	-	-	161,985
Fines and Forfeits	51,408	-	-	-	-	51,408
Investment Income	1,765	531	539	37	-	2,872
Miscellaneous	29,985	-	-	-	-	29,985
Total Revenues	908,146	44,735	215,201	37	-	1,168,119
<b>EXPENDITURES</b>						
Current						
General Government	181,009	-	181,749	-	-	362,758
Public Safety	324,442	-	-	-	-	324,442
Highways and Streets	149,034	8,624	-	-	-	157,658
Sanitation	146,990	-	-	-	-	146,990
Capital Outlay	-	-	-	-	-	-
Debt Service	35,535	-	-	-	-	35,535
Total Expenditures	837,010	8,624	181,749	-	-	1,027,383
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	71,136	36,111	33,452	37	-	140,736
<b>OTHER FINANCING SOURCES (USES)</b>						
Loan Proceeds	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	71,136	36,111	33,452	37	-	140,736
FUND BALANCES, MAY 1	451,068	164,823	341,541	91,730	-	1,049,162
FUND BALANCES, APRIL 30	\$ 522,204	\$ 200,934	\$ 374,993	\$ 91,767	\$ -	\$ 1,189,898

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2017

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NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 140,736
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report principal payments of long-term debt as expenditures; however, they are reported as a reduction of long-term debt in the Statement of Activities	31,314
Some revenues (expenses) in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as revenues (expenditures) in Governmental Funds:	
Depreciation	(85,145)
Pension Expense	12,476
General Revenues in the Statement of Activities reported in the current and the prior year representing long-term taxes receivable are not included in current financial resources and, therefore are subtracted from current financial resources in Governmental Funds.	<u>3,437</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 102,818</u>

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

April 30, 2017

	Business-Type Activities Water and Sewer System
<b>ASSETS</b>	
Current Assets	
Cash	\$ 491,682
Receivables	
Accounts - Billed and Unbilled	52,090
Due From Other Funds	32
Total Current Assets	<u>543,804</u>
Non-Current Assets	
Capital Assets	
Net of Accumulated Depreciation	<u>1,503,276</u>
Total Assets	<u>2,047,080</u>
<b>DEFERRED OUTFLOWS</b>	
Pension Related	<u>21,335</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	8,504
Accrued Payroll	2,157
Due To Other Funds	<u>11,779</u>
Total Current Liabilities	<u>22,440</u>
Non-Current Liabilities	
Net Pension Liability	<u>36,576</u>
Total Liabilities	<u>59,016</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related	<u>43,684</u>
<b>NET POSITION</b>	
Net Investment In Capital Assets	1,503,276
Unrestricted	<u>462,439</u>
TOTAL NET POSITION	<u>\$ 1,965,715</u>

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

For the Year Ended April 30, 2017

	Business-Type Activities Water and Sewer System
OPERATING REVENUES	
Charges for Services	\$ 332,293
Total Operating Revenues	332,293
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Water and Sewer Operations	
Salaries and Benefits	172,893
Contractual Services	88,629
Material and Supplies	17,266
Miscellaneous	3,078
Total Operating Expenses Excluding Depreciation	281,866
OPERATING INCOME BEFORE DEPRECIATION	50,427
DEPRECIATION	82,649
OPERATING INCOME (LOSS)	(32,222)
NON-OPERATING REVENUES	
Investment Income	185
Total Non-Operating Revenue	185
CHANGE IN NET POSITION	(32,037)
NET POSITION, MAY 1	1,997,752
NET POSITION, APRIL 30	\$ 1,965,715

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended April 30, 2017

	Business-Type Activities Water and Sewer System
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts From Customers	\$ 331,252
Payments To Suppliers	(104,495)
Payments To Employees	(181,913)
Net Cash From Operating Activities	44,844
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Capital Assets	-
General Fund Due To/From	12,586
Net Cash From Capital and Related Financing Activities	12,586
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	185
Net Cash From Investing Activities	185
<b>NET INCREASE (DECREASE) IN CASH</b>	57,615
<b>CASH, MAY 1</b>	434,067
<b>CASH, APRIL 30</b>	<u>\$ 491,682</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ (32,222)
Depreciation	82,649
Adjustments To Reconcile Operating Income (Loss) To Net Cash From Operating Activities	
Accounts Receivable	(1,041)
Accounts Payable	4,478
Accrued Payroll	(2,874)
Pension related amounts	(6,146)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 44,844</u>

See Notes to Financial Statements.



VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Kirkland, Illinois (the Village), established in 1882, is a municipal corporation governed by an elected President and six-member Board of Trustees. The Village's major operations include public safety, street and sidewalk maintenance, public improvements, planning and zoning, water and sewer 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**

In determining the financial reporting entity, the Village complies with the provisions of GASB Statements 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 Statements, there are no component units included in the reporting entity.

**BASIS OF PRESENTATION**

***Government-Wide 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 public safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's water and sewer services are 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 and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

***Government-Wide Statements*** – Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions (general government, public safety, highways and streets, sanitation, etc.) and business-type activities. 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, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, streets and sidewalks, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

***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, liabilities, reserves, 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, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. In addition to funds that meet the minimum criteria as a major fund, the Village may designate other funds as a major fund. The Village electively added funds, as major funds, which had a specific community focus. The Village has chosen to include the Revolving Loan Fund, and the Capital Projects Fund as major funds even though the fund calculations do not classify them as major funds. The Village views these funds particularly important to financial report users.

The various funds are reported by generic classification within the financial statements. 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. Following is a description of the fund types of the Village:

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

***Governmental Funds***

The 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 major special revenue funds, the Motor Fuel Tax Fund, Tax Incremental Financing District Fund and the Revolving Loan Fund.

The Capital Projects Fund is used to account for the proceeds of capital-specific grants and expenditures from these resources. The Village has elected to report this fund as a major governmental fund.

***Proprietary Funds***

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. The generally accepted accounting principles 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 Water and Sewer Fund, which is used to account for the provision of potable water and wastewater treatment 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 and maintenance, improvements and extensions, financing and related debt service, billing and collection.

***Fiduciary Funds***

Fiduciary funds are used to report assets held in 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. The Village does not maintain any fiduciary funds.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

***Measurement Focus***

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. 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 and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

Fiduciary funds held in agency capacity for others are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

***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 is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities 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.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

*Basis of Accounting* – Continued

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, if any, 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, franchise 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 agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 fund, are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap-on fees intended to recover the cost of connecting new customers to the system. Operating expenses, excluding depreciation, include the cost of sales and services and administrative expenses. Depreciation on capital assets is reported as a separate amount in the determination of operating income. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ASSETS, LIABILITIES, 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, and 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.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY - Continued

***Receivables***

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

***Internal Receivables, Payables and Activity***

Internal activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as internal 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 internal transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

***Prepays***

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaids.

***Inventories***

Inventories, if any, are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

***Capital Assets***

Equipment and vehicles purchased or acquired with an original cost of \$500 or more and infrastructure improvements of \$5,000 or more 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 is expensed as incurred.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY – Continued

***Capital Assets*** - Continued

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. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	10 - 50 Years
Water and Sewer Distribution System	20 - 50 Years
Vehicles and Equipment	5 - 30 Years

***Unearned / Unavailable Revenues***

Governmental funds report unearned revenue and unavailable revenue on its financial statements. Unearned revenues arise when resources are received before the Village has a legal claim to them or prior to the provision of services. Unavailable revenues arise when a potential revenue does not meet both the measureable and available or earned criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability and deferred inflows of resources for unearned and unavailable revenue are removed from the financial statements and revenue is recognized.

***Deferred Outflows / Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY – Continued

***Fund Equity***

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

In the fund financial statements, governmental funds report equity as fund balances and displayed in three components:

Restricted – Consists of amounts that are constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities.

Assigned – Consists of amounts constrained by the Village’s intent to use them for a specific purpose. The authority to assign fund balance is vested with the Board of Trustees.

Unassigned – Any residual positive fund balance is reported as unassigned in the General Fund. In governmental funds other than the General Fund, any deficit fund balance is also reported as unassigned.

The Village’s flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.



VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY – Continued

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

All departments of the Village submit requests for budgets so that an appropriation ordinance may be prepared. The appropriation ordinance is prepared by fund and function, and includes approved appropriations for the next fiscal year. The proposed appropriation ordinance is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations. All appropriations are adopted on a basis consistent with generally accepted accounting principles (GAAP). The appropriation ordinance may be amended by the governing body. Expenditures may not legally exceed appropriation allocations at the fund level. The appropriation lapses at the end of each fiscal year.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1, and September 1. The County collects such taxes and remits them periodically. The 2015 Tax Levy Ordinance, adopted in December 2015, and collected in 2016, was used to finance the fiscal year ended April 30, 2017. The 2016 Tax Levy Ordinance, adopted in December 2016, is recorded as a receivable and unavailable revenue in the financial statements for the year ended April 30, 2017.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 3 – DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds except the Motor Fuel Tax Fund. Each fund type's portion of this pool is displayed on the financial statements as "cash and cash equivalents". In addition, investments may be held separately by each of the Village's 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 Illinois Funds.

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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Deposits in Illinois Funds are valued at the share price, the price for which the investment could be sold.

***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 \$1,232,987 and the bank balances totaled \$1,241,594. Additionally, the Village had \$401,856 deposited 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. Village officials recognize that safety of principle is the foremost objective of the Village's investment program. Officials additionally follow the principle that the investment portfolio will remain sufficiently liquid to enable the Village to meet all operating requirements which might be reasonably anticipated. Finally, the investment program has been designed with the objective of attaining a market rate of return throughout budgetary and economic cycles. All Village investment transactions must be specifically approved by the Finance Committee of the Village Board of Trustees. The Village's investment in the Illinois Funds has an average maturity of less than one year.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Accordingly, the Village's investment portfolio only includes securities authorized under State Statute. The Village's investment in the Illinois Funds were rated AAA by Standard & Poor's.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 3 – DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

***Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk - Continued***

***Custodial Credit Risk.*** In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. All funds on deposit in banks in excess of FDIC limits should be secured by some form of collateral. Furthermore, pledged collateral should be held by the Village or in safekeeping evidenced by a safekeeping agreement. For an investment, custodial credit risk 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 requires collateral on all funds on deposit in banks in excess of the FDIC insurance. At year-end all deposits were covered by FDIC insurance or collateral held by the Village or in safekeeping in the Village's name.

***Concentration of Credit 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 recommends diversification to minimize this risk. However, the Village does not require diversification for funds on deposit with a financial institution that are covered by FDIC insurance or collateral. At year-end, the Village maintained deposit accounts with four banks and the Illinois Funds: 32% of deposits were with Alpine Bank, Kirkland, Illinois, 12% with Resource Bank, Genoa, Illinois, 26% with Heartland Bank, Genoa, Illinois, 6% with Blackhawk Bank, Rockford, Illinois, and 24% with Illinois Funds.

CAPITAL ASSETS

***Governmental Activities***

Governmental capital asset activity for the year ended April 30, 2017 follows on the next page:

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS - Continued

*Governmental Activities* – Continued

	Balances May 1, 2016	Additions	Deletions	Balances April 30, 2017
Capital Assets				
General Government				
Building and Improvements	\$ 722,934	\$ -	\$ -	\$ 722,934
Equipment	16,883	-	-	16,883
Public Safety				
Equipment and Vehicles	114,707	-	-	114,707
Highways and Streets				
Equipment and Vehicles	211,468	-	-	211,468
Pioneer Park Improvement	42,853	-	-	42,853
Infrastructure	1,336,113	-	-	1,336,113
	<u>2,444,958</u>	<u>-</u>	<u>-</u>	<u>2,444,958</u>
Less Accumulated Depreciation				
General Government				
Building and Improvements	151,576	13,147	-	164,723
Equipment	4,122	1,491	-	5,613
Public Safety				
Equipment and Vehicles	71,494	12,502	-	83,996
Highways and Streets				
Equipment and Vehicles	136,615	9,573	-	146,188
Pioneer Park Improvement	35,851	2,741	-	38,592
Infrastructure	359,099	45,691	-	404,790
	<u>758,757</u>	<u>85,145</u>	<u>-</u>	<u>843,902</u>
Total Capital Assets	<u>\$ 1,686,201</u>	<u>\$ (85,145)</u>	<u>\$ -</u>	<u>\$ 1,601,056</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 14,638
Public Safety	12,502
Highways and Streets	<u>58,005</u>
	<u>\$ 85,145</u>

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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:

	Balances May 1, 2016	Additions	Deletions	Balances April 30, 2017
Capital Assets				
Equipment	\$ 347,271	\$ -	\$ -	\$ 347,271
Vehicles	131,180	-	-	131,180
Water System	915,048	-	-	915,048
Sewer System	787,880	-	-	787,880
Sewer Treatment Plant	<u>1,038,181</u>	<u>-</u>	<u>-</u>	<u>1,038,181</u>
	<u>3,219,560</u>	<u>-</u>	<u>-</u>	<u>3,219,560</u>
Less Accumulated Depreciation				
Equipment	142,249	13,089	-	155,338
Vehicles	40,068	4,925	-	44,993
Water System	328,792	26,082	-	354,874
Sewer System	298,140	16,160	-	314,300
Sewer Treatment Plant	<u>824,386</u>	<u>22,393</u>	<u>-</u>	<u>846,779</u>
	<u>1,633,635</u>	<u>82,649</u>	<u>-</u>	<u>1,716,284</u>
Total Capital Assets	<u>\$ 1,585,925</u>	<u>\$ (82,649)</u>	<u>\$ -</u>	<u>\$ 1,503,276</u>

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

***Installment Loan:***

The Village entered into an installment loan to purchase Bull Run Creek Property:

Issue	Fund Debt Retired By	Balances May 1, 2016	Issuances	Retirements	Balances April 30, 2017
Installment note to purchase Bull Run Creek Property, due in 60 monthly installments with interest at 2.91%, maturing January 22, 2021.	General Fund	\$ 157,298	\$ -	\$ 31,314	\$ 125,984
		\$ 157,298	\$ -	\$ 31,314	\$ 125,984

***Long-Term Liability Activity:***

	Fiscal Year April 30	Principal	Interest	Total Payments
Installment Loan	2018	\$ 32,251	\$ 3,285	\$ 35,536
Alpine Bank	2019	33,215	2,320	35,535
	2020	34,209	1,327	35,536
	2021	26,309	325	26,634
Total long-term debt		\$ 125,984	\$ 7,257	\$ 133,241

***Debt Limitation***

The Village is subject to a debt limitation of 8.625% of its assessed valuation of \$21,649,031. As of April 30, 2017, the Village had a debt limit of \$1,867,229, but no general obligation outstanding debt.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERNAL ACCOUNTS

***Internal Receivables and Payables***

Due From/Due To Other Funds as of April 30, 2017 consist of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund		
Water and Sewer Fund	\$ 11,779	\$ 30
Tax Incremental Financing Fund		
Water and Sewer Fund	-	2
Water and Sewer Fund		
General Fund	30	11,779
Tax Incremental Financing Fund	2	-
Totals	<u>\$ 11,811</u>	<u>\$ 11,811</u>

The internal accounts as of April 30, 2017 represent temporary cash advances and were paid back within 30 days after the fiscal year-end.

NOTE 4 – DEFINED BENEFIT PENSION PLAN

**Plan Description** - The employer's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download on-line at [www.imrf.org](http://www.imrf.org).

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

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

**Benefits Provided – Continued**

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

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

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

**Employees Covered by the Benefit Terms** – At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>8</u>
Total	<u><u>16</u></u>

**Contributions** – As set by statute, the employer's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2016 was 12.10%. For the fiscal year ended April 30, 2017, the Village contributed \$35,766 to the plan. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.



VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

**Net Pension Liability** – The employer's Net Pension Liability was measured as of December 31, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

**Actuarial Assumptions** – The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

The **Actuarial Cost Method** used was Entry Age Normal.

The **Asset Valuation Method** used was Market Value of Assets.

The **Inflation rate** used was 2.75%.

**Salary Increases** were expected to be 3.75% to 14.50%, including inflation.

The **Investment Rate of Return** was assumed to be 7.50%.

**Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table, applying the same adjustments that were applied for non-disabled lives.

For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

**Single Discount Rate** – A single discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

**Changes in Net Pension Liability:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2016	\$ 1,261,591	\$ 1,049,320	\$ 212,271
Service Costs	46,558	-	46,558
Interest On Total Pension Liability	93,590	-	93,590
Difference Between Expected and Actual Experience	(105,993)	-	(105,993)
Changes In Assumptions	(6,749)	-	(6,749)
Employer Contributions	-	43,223	(43,223)
Employee Contributions	-	16,074	(16,074)
Net Investment Income	-	71,743	(71,743)
Benefit Payments, Net of Refunds	(60,613)	(60,613)	-
Other Changes	-	(327)	327
Net Changes	(33,207)	70,100	(103,307)
Balances As Of December 31, 2016	\$ 1,228,384	\$ 1,119,420	\$ 108,964

**Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following represents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 Percent) or 1 percentage point higher (8.50 percent) than the current year:

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Village's Proportionate Share of the Net Pension Liability	\$ 290,846	\$ 108,964	\$ (41,239)

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the issued IMRF annual financial report which is publicly available at [www.imrf.org](http://www.imrf.org).

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended April 30, 2017, the Village had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources to be recognized in future pension expenses:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 124,951	\$ (124,951)
Changes In Assumptions	920	5,190	(4,270)
Net Difference Between Projected and Actual Earnings	49,693	-	49,693
Employer Contributions Subsequent to the Measurement Date	12,947	-	12,947
Total	<u>\$ 63,560</u>	<u>\$ 130,141</u>	<u>\$ (66,581)</u>

The Village reported \$12,947 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ (28,620)
2019	(28,620)
2020	(15,084)
2021	(7,204)
2022	-
Thereafter	<u>-</u>
Total	<u>\$ (79,528)</u>

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 5 – OTHER INFORMATION

RISK MANAGEMENT

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. The Village currently reports its risk management activities in the General Fund and the Water and Sewer Fund.

The Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is an organization of municipalities and special districts in Illinois which have formed an association under the Illinois Intergovernmental Cooperation Statute to pool its risk management needs. The association administers a mix of self-insurance and commercial insurance coverage; property/casualty and workers' compensation claim administration and litigation management service; risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

IMLRMA is governed by a board of directors made up of Illinois mayors and village presidents of municipalities who participate in the program. The Village does not exercise any control over the activities of IMLRMA beyond its representation on the board of directors. Annual contributions are determined each year by underwriters based on the individual member's exposure to loss and experience modification factors based on past member loss experience. There have been no significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage in each of the last three fiscal years.

TORT INSURANCE EXPENDITURES

The Village allocated the total amount of the tort insurance levy of \$19,741 received in the year ended April 30, 2017 towards tort insurance expenditures for the year, resulting in no restricted balances for tort as of April 30, 2017.

VILLAGE OF KIRKLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2017

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NOTE 5 – OTHER INFORMATION - Continued

CONTINGENT LIABILITIES

***Litigation***

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's attorney that 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. 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.

PENDING GASB STATEMENTS

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The Village is required to implement this standard for the fiscal year ending April 30, 2019.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* amends the required the presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes	\$ 431,740	\$ 431,740	\$ 428,102	\$ 443,329
Licenses and Permits	24,100	24,100	17,966	21,252
Intergovernmental Revenue	256,750	256,750	216,935	245,259
Service Charges	146,350	146,350	161,985	146,375
Fines and Forfeits	36,000	36,000	51,408	45,370
Investment Income	400	400	1,765	561
Miscellaneous	31,887	31,887	29,985	2,973
Total Revenues	927,227	927,227	908,146	905,119
<b>EXPENDITURES</b>				
Current				
General Government	205,174	205,174	181,009	201,730
Public Safety	398,065	398,065	324,442	313,911
Highways and Streets	171,763	171,763	149,034	189,633
Sanitation	144,600	144,600	146,990	140,479
Capital Outlay	105,000	105,000	-	2,424
Debt Service	65,535	65,535	35,535	9,384
Total Expenditures	1,090,137	1,090,137	837,010	857,561
NET CHANGE IN FUND BALANCE	\$ (162,910)	\$ (162,910)	71,136	47,558
FUND BALANCE, MAY 1			451,068	403,510
FUND BALANCE, APRIL 30			\$ 522,204	\$ 451,068

(See Notes to Required Supplementary Information.)



VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MOTOR FUEL TAX FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental Revenues				
MFT Allocation	\$ 45,150	\$ 45,150	\$ 44,204	\$ 44,610
Investment Income	100	100	531	140
Total Revenues	45,250	45,250	44,735	44,750
EXPENDITURES				
Highways and Streets				
Street Salt	6,750	6,750	8,624	3,429
Total Expenditures	6,750	6,750	8,624	3,429
NET CHANGE IN FUND BALANCE	\$ 38,500	\$ 38,500	36,111	41,321
FUND BALANCE, MAY 1			164,823	123,502
FUND BALANCE, APRIL 30			\$ 200,934	\$ 164,823

(See Notes to Required Supplementary Information.)

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TAX INCREMENTAL FINANCING FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	Original Budget	2017 Final Budget	Actual	2016 Actual
REVENUES				
Taxes				
TIF Property Taxes	\$ 200,000	\$ 200,000	\$ 214,662	\$ 198,475
Miscellaneous				
Investment Income	250	250	539	317
Other Income	10,250	10,250	-	623
Total Revenues	210,500	210,500	215,201	199,415
EXPENDITURES				
Current				
General Government	159,250	159,250	181,749	131,686
Public Safety	-	-	-	46,797
Highways and Streets	60,000	60,000	-	2,698
Capital Outlay	56,000	56,000	-	12,831
Total Expenditures	275,250	275,250	181,749	194,012
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(64,750)	(64,750)	33,452	5,403
OTHER FINANCING SOURCES (USES)				
Transfers (Out)				
Transfer To Water & Sewer Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (64,750)	\$ (64,750)	33,452	5,403
FUND BALANCE, MAY 1			341,541	336,138
FUND BALANCE, APRIL 30			\$ 374,993	\$ 341,541

(See Notes to Required Supplementary Information.)

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REVOLVING LOAN FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017		2016	
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Investment Income	\$ 40	\$ 40	\$ 37	\$ 36
Total Revenues	40	40	37	36
EXPENDITURES				
Current				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ 40	\$ 40	37	36
FUND BALANCE, MAY 1			91,730	91,694
FUND BALANCE, APRIL 30			\$ 91,767	\$ 91,730

(See Notes to Required Supplementary Information.)

VILLAGE OF KIRKLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
MULTIYEAR SCHEDULE OF CONTRIBUTIONS

LAST 10 CALENDAR YEARS (To Be Built Prospectively From 2016)

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As A % Of Covered Valuation Payroll
2017	\$ 35,766	\$ 35,766	\$ -	\$ 337,430	10.60%
2016	46,630	46,630	-	389,019	11.99%
2015	-	-	-	-	-
2014	-	-	-	-	-
2013	-	-	-	-	-
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-

(See Notes to Required Supplementary Information.)

# VILLAGE OF KIRKLAND, ILLINOIS

## NOTES TO MULTIYEAR SCHEDULE OF CONTRIBUTIONS

### SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2016 CONTRIBUTION RATE (1)

April 30, 2017

#### Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

#### Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal.
Amortization Period	Level Percentage of Payroll, Closed.
Remaining Amortization Period	Non-Taxing Bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method	5-year smoothed market; 20% corridor.
Wage Growth	3.5%.
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75 to 14.50% including inflation.
Investment Rate of Return	7.50%.
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustment to match current IMRF experience.

#### Other Information:

Notes There were no benefit changes during the year.

(1) Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation.

(See Notes to Required Supplementary Information)

VILLAGE OF KIRKLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY and RELATED RATIOS - ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)

LAST 10 CALENDAR YEARS (To Be Built Prospectively From 2014)

Calendar Year Ending December 31,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability:										
Service Cost	\$ 46,558	\$ 46,695	\$ 42,777							
Interest On The Total Pension Liability	93,590	93,859	83,386							
Benefit Changes	-	-	-							
Difference Between Expected and Actual Experience	(105,993)	(81,618)	22,254							
Assumption Changes	(6,749)	1,729	42,747							
Benefit Payments and Refunds	(60,613)	(64,422)	(38,430)							
Net Change In Total Pension Liability	(33,207)	(3,757)	152,734							
Total Pension Liability - Beginning	1,261,591	1,265,348	1,112,614							
Total Pension Liability - Ending (a)	\$ 1,228,384	\$ 1,261,591	\$ 1,265,348							
Plan Fiduciary Net Position:										
Employer Contributions	\$ 43,223	\$ 47,301	\$ 45,480							
Employee Contributions	16,074	17,348	17,271							
Pension Plan Net Investment Income	71,743	5,305	60,109							
Benefit Payments and Refunds	(60,613)	(64,422)	(38,430)							
Other	(327)	(17,117)	3,247							
Net Change In Plan Fiduciary Net Position	70,100	(11,585)	87,677							
Plan Fiduciary Net Position - Beginning	1,049,320	1,060,905	973,228							
Plan Fiduciary Net Position - Ending (b)	\$ 1,119,420	\$ 1,049,320	\$ 1,060,905							
Net Pension Liability(Asset) - Ending (a)-(b)	108,964	212,271	204,443							
Plan Fiduciary Net Position As A Percentage Of Total Pension Liability	91.13%	83.17%	83.84%							
Covered Valuation Payroll	\$ 357,208	\$ 385,509	\$ 383,800							
Net Pension Liability As A Percentage Of Covered Valuation Payroll	30.50%	55.06%	53.27%							

The Village Of Kirkland Implemented GASB Statement No. 68 April 30, 2016

(See Notes To Required Supplementary Information)

VILLAGE OF KIRKLAND, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2017

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a. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles, except the proprietary funds which adopt a current financial resources measurement focus budget in that depreciation is not budgeted and capital outlay is budgeted. Annual appropriated budgets are adopted for the General, Special Revenue, and Enterprise Funds. All annual appropriations lapse at fiscal year end.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The treasurer is authorized to transfer amounts between departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the governing body. Expenditures may not legally exceed budgeted appropriations at the fund level. The final budget figures included in this report do not include any amendments increasing the original budget amount.

b. Excess of Actual Expenditures/Expenses Over Budget in Individual Funds

Expenditures did not exceed budgeted appropriations in any fund.

## SUPPLEMENTARY INFORMATION



VILLAGE OF KIRKLAND, ILLINOIS  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
<b>REVENUES</b>				
Taxes				
Property	\$ 197,400	\$ 197,400	\$ 197,412	\$ 195,764
Road and Bridge	5,040	5,040	5,035	24,799
Utility	106,800	106,800	101,854	102,015
Sales	122,500	122,500	123,801	120,751
Total Taxes	431,740	431,740	428,102	443,329
Licenses and Permits				
Liquor Licenses	6,500	6,500	7,500	4,950
Other Licenses	100	100	150	50
Building Permits	14,500	14,500	8,308	14,349
Cable TV Franchise	3,000	3,000	2,008	1,903
Total Licenses and Permits	24,100	24,100	17,966	21,252
Intergovernmental Revenue				
State Shared Taxes				
State Income Tax	177,900	177,900	164,852	185,862
State Use Tax	40,500	40,500	43,001	40,259
Personal Property Replacement Tax	3,350	3,350	3,306	2,977
Video Gaming Tax	10,000	10,000	5,776	10,754
Police Grants	25,000	25,000	-	5,407
Total Intergovernmental Revenue	256,750	256,750	216,935	245,259
Service Charges				
Garbage Fees	\$ 145,400	\$ 145,400	\$ 153,808	\$ 144,575
Police Reimbursements	950	950	8,177	1,800
TIF District Police Services	-	-	-	46,797
Reclassify TIF District Police Services	-	-	-	(46,797)
Total Service Charges	146,350	146,350	161,985	146,375
Fines and Forfeits				
Ordinance Fines	36,000	36,000	51,408	45,370
Total Fines and Forfeits	36,000	36,000	51,408	45,370

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

GENERAL FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
REVENUES (Continued)				
Investment Income	\$ 400	\$ 400	\$ 1,765	\$ 561
Miscellaneous				
Miscellaneous Income	300	300	1,133	255
Tower Rental	2,400	2,400	2,400	2,400
Insurance Reports	100	100	25	75
Copies/Fax Charges	75	75	21	61
Reimbursements	500	500	122	155
Police Vehicle Provision	13,500	13,500	-	-
Truck Purchase Provision	15,000	15,000	-	-
Police Contributions	-	-	1,750	-
Insurance Reimbursement	-	-	24,476	-
Impact Fee Account Interest	12	12	58	27
Total Miscellaneous	31,887	31,887	29,985	2,973
TOTAL GENERAL FUND REVENUES	\$ 927,227	\$ 927,227	\$ 908,146	\$ 905,119

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
<b>GENERAL GOVERNMENT</b>				
Administration and Finance				
Salaries & Benefits				
Salaries - Board Members	\$ 16,000	\$ 16,000	\$ 15,760	\$ 16,180
Salaries - Village Finance	27,408	27,408	26,382	26,611
Payroll Taxes	3,320	3,320	3,224	4,356
Unemployment Taxes	1,600	1,600	1,053	1,207
IMRF Pension	3,362	3,362	3,124	3,362
Employee Appreciation	500	500	400	400
Total Salaries and Benefits	52,190	52,190	49,943	52,116
Contractual Services				
Repairs & Maint - Equipment	2,750	2,750	1,256	2,491
Maintenance/Cleaning	900	900	972	712
Legal Expense	36,000	36,000	34,475	49,255
Adjudication Expense	4,800	4,800	6,066	5,677
Treasurer/Accounting Expense	6,000	6,000	6,000	6,000
Audit Expense	8,900	8,900	8,900	8,900
Permit Inspections - ICCI	10,000	10,000	7,622	10,967
Permit Inspections - Village	3,500	3,500	-	3,850
Engineering Expense	2,500	2,500	570	2,296
Codification	1,500	1,500	2,525	1,822
IML/Training	4,000	4,000	8,406	4,118
Telephone	2,800	2,800	3,854	2,625
Telephone Notification System	1,570	1,570	1,570	1,570
Internet Service	760	760	544	808
E Worldlinx Web	1,279	1,279	1,279	1,279
Insurance & Bonds	33,475	33,475	31,948	31,388
Postage	700	700	287	957
Printing & Publishing	800	800	424	772
Dues & Subscriptions	2,000	2,000	1,953	1,802
Total Contractual Services	124,234	124,234	118,651	137,289
Materials & Supplies				
Tools/Equipment	200	200	-	69
Office Supplies	2,250	2,250	1,918	1,978
New Equipment	200	200	-	-
Total Materials and Supplies	2,650	2,650	1,918	2,047

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
<b>GENERAL GOVERNMENT (Continued)</b>				
Administration and Finance (Continued)				
Miscellaneous				
Sales Tax Reimbursement	\$ 11,000	\$ 11,000	\$ 7,046	\$ 8,998
Revenue Audit Reimbursement	500	500	417	660
Lions Club Donation	-	-	2,500	-
Contingency	600	600	534	620
Total Miscellaneous	12,100	12,100	10,497	10,278
Total Administration and Finance	191,174	191,174	181,009	201,730
Impact Fee Account				
Miscellaneous				
Street Improvements	14,000	14,000	-	-
Total Impact Fee Account	14,000	14,000	-	-
Total General Government	205,174	205,174	181,009	201,730
<b>PUBLIC SAFETY</b>				
Police Department				
Salaries & Benefits				
Police F/T Salaries	157,410	157,410	147,987	153,607
Police P/T Salaries	70,000	70,000	57,353	51,279
Police Special Activity Pay	25,000	25,000	8,879	3,357
Police Salaries - TIF District	-	-	-	30,643
Police Overtime	6,000	6,000	7,848	6,128
Police Holiday Pay	4,312	4,312	1,324	1,452
Payroll Taxes	20,097	20,097	17,089	18,855
IMRF Pension	23,647	23,647	18,795	21,290
Life Insurance	534	534	534	534
Health Insurance	21,265	21,265	21,376	20,016
Total Salaries and Benefits	328,265	328,265	281,185	307,161
Contractual Services				
Repairs & Maint - Equipment	7,000	7,000	1,804	5,841
Dues & Training	5,000	5,000	4,799	5,097
Telephone	5,250	5,250	5,742	4,938
Alerts/PSAN/IPIPS	2,600	2,600	2,568	2,508
911 Dispatch Fee	14,700	14,700	14,698	17,599
Total Contractual Services	34,550	34,550	29,611	35,983

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
<b>PUBLIC SAFETY (Continued)</b>				
<b>Police Department (Continued)</b>				
<b>Materials and Supplies</b>				
Police Supplies	\$ 3,500	\$ 3,500	\$ 3,140	\$ 2,703
Police Materials	1,500	1,500	1,047	3,149
DARE Supplies	1,500	1,500	1,609	1,376
Police Equipment	1,000	1,000	816	834
Automotive Fuel	12,000	12,000	6,208	7,897
Uniforms	2,000	2,000	826	1,605
<b>Total Materials and Supplies</b>	<b>21,500</b>	<b>21,500</b>	<b>13,646</b>	<b>17,564</b>
<b>Miscellaneous</b>				
Other Expenditures	13,500	13,500	-	-
Contingency	250	250	-	-
<b>Total Miscellaneous</b>	<b>13,750</b>	<b>13,750</b>	<b>-</b>	<b>-</b>
<b>Capital Outlay</b>				
New Equipment	-	-	-	2,424
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,424</b>
<b>Total Police Department</b>	<b>398,065</b>	<b>398,065</b>	<b>324,442</b>	<b>363,132</b>
<b>Reclassify Police Department Expenditures</b>				
Reclassify Police TIF District Salaries	-	-	-	(46,797)
Reclassify Police Department Capital Outlay	-	-	-	(2,424)
<b>Total Police Department Reclassifications</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,221)</b>
<b>Total Public Safety</b>	<b>398,065</b>	<b>398,065</b>	<b>324,442</b>	<b>313,911</b>
<b>HIGHWAYS AND STREETS</b>				
<b>Street Department</b>				
<b>Salaries &amp; Benefits</b>				
Streets F/T Salaries	53,627	53,627	43,584	52,265
Streets P/T Salaries	4,500	4,500	4,693	2,302
Streets Overtime	5,100	5,100	1,223	1,887
Payroll Taxes	4,837	4,837	4,196	4,147
IMRF Pension	7,132	7,132	6,167	6,825
Life Insurance	267	267	200	267
Health Insurance	12,000	12,000	10,149	13,560
<b>Total Salaries and Benefits</b>	<b>87,463</b>	<b>87,463</b>	<b>70,212</b>	<b>81,253</b>

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
<b>HIGHWAYS AND STREETS (Continued)</b>				
Street Department (Continued)				
Contractual Services				
Repairs & Maint - Equipment	\$ 15,000	\$ 15,000	\$ 14,482	\$ 10,050
Repairs & Maint - Streets	14,850	14,850	3,981	2,377
Repairs - Street Lights	300	300	145	737
Forestry Maintenance	13,850	13,850	18,413	3,454
Dues & Training	100	100	103	100
Electric - Street Lights	12,300	12,300	15,628	12,751
Total Contractual Services	56,400	56,400	52,752	29,469
Materials and Supplies				
Tools/Equipment	2,000	2,000	564	615
Street Decorations	300	300	618	-
Automotive Fuel	5,000	5,000	2,698	3,151
Mosquito Abatement	2,650	2,650	1,051	2,100
Total Materials and Supplies	9,950	9,950	4,931	5,866
Miscellaneous				
Sidewalk Construction	2,000	2,000	-	-
Street maintenance	-	-	19,500	-
Pioneer Park Improvements	750	750	9	179
Bull Run Creek IDNR Improvements	-	-	1,030	72,691
Other Expenditures	15,000	15,000	600	-
Contingency	200	200	-	175
Total Miscellaneous	17,950	17,950	21,139	73,045
Total Street Department	171,763	171,763	149,034	189,633
Total Highways and Streets	171,763	171,763	149,034	189,633
<b>SANITATION</b>				
Contractual Services				
Garbage Collection	144,600	144,600	146,990	140,479
Total Sanitation	144,600	144,600	146,990	140,479

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
<b>CAPITAL OUTLAY</b>				
Police Department Equipment & Vehicle	-	-	-	2,424
Bull Run Creek IDNR Improvements	25,000	25,000	-	-
Street Improvements	40,000	40,000	-	-
Tree Removal	40,000	40,000	-	-
Total Capital Outlay	105,000	105,000	-	2,424
<b>DEBT SERVICE</b>				
Bull Run Creek Property Loan	35,535	35,535	35,535	9,384
Bull Run Creek Construction Loan	30,000	30,000	-	-
Total Debt Service	65,535	65,535	35,535	9,384
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,090,137</b>	<b>\$ 1,090,137</b>	<b>\$ 837,010</b>	<b>\$ 857,561</b>

VILLAGE OF KIRKLAND, ILLINOIS  
SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL  
TAX INCREMENTAL FINANCING FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
<b>GENERAL GOVERNMENT</b>				
TIF Consultant	\$ -	\$ -	\$ 1,250	\$ 2,600
Miscellaneous Expense	250	250	345	390
Other Services	3,750	3,750	3,700	4,250
School District 426 Safety Projects	100,000	100,000	156,000	104,559
Library Repairs	7,350	7,350	7,064	12,183
Veterans Memorial	40,000	40,000	-	-
Warning Siren Maintenance	1,200	1,200	1,140	1,140
Tree removal	-	-	4,850	-
Property Taxes Reimbursements	6,700	6,700	7,400	6,564
Total General Government	159,250	159,250	181,749	131,686
<b>PUBLIC SAFETY</b>				
TIF District - Police Services	-	-	-	46,797
Total Public Safety	-	-	-	46,797
<b>HIGHWAYS AND STREETS</b>				
Repairs & Maintenance	60,000	60,000	-	2,698
Total Highway and Streets	60,000	60,000	-	2,698
<b>CAPITAL OUTLAY</b>				
General Capital Assets				
Village Hall Improvements	24,000	24,000	-	4,706
Property Demolition	20,000	20,000	-	8,125
Total General Capital Assets	44,000	44,000	-	12,831
Proprietary Funds Capital Assets				
Treatment Plant Air Exchanger	12,000	12,000	-	-
Proprietary Funds Capital Outlay Reclassified	-	-	-	-
Total Capital Outlay	56,000	56,000	-	12,831
<b>TOTAL EXPENDITURES BEFORE TRANSFERS</b>	<b>275,250</b>	<b>275,250</b>	<b>181,749</b>	<b>194,012</b>
<b>TRANSFERS</b>				
Transfer To Water & Sewer Fund	-	-	-	-
Total Transfers	-	-	-	-
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<b>\$ 275,250</b>	<b>\$ 275,250</b>	<b>\$ 181,749</b>	<b>\$ 194,012</b>



VILLAGE OF KIRKLAND, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental Revenues				
Federal Grant	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Capital Outlay				
Bull Run Creek Property	-	-	-	165,000
Bull Run Creek Property Construction	950,000	950,000	-	-
Total Expenditures	950,000	950,000	-	165,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(950,000)	(950,000)	-	(165,000)
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	950,000	950,000	-	165,000
Total Other Financing Sources (Uses)	950,000	950,000	-	165,000
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, MAY 1			-	-
FUND BALANCE, APRIL 30			\$ -	\$ -

(See Notes to Required Supplementary Information.)

VILLAGE OF KIRKLAND, ILLINOIS  
COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND - WATER AND SEWER FUND BY SUBACCOUNT

April 30, 2017

	Water & Sewer Operating Account	Water Improvement Account	Sewer Improvement Account	2017 Total
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 122,724	\$ 204,380	\$ 164,578	\$ 491,682
Water and Sewer Accounts Receivable	52,090	-	-	52,090
Due From Other Funds	32	-	-	32
Proprietary Fund - Internal Accounts	-	-	-	-
Total Current Assets	174,846	204,380	164,578	543,804
Non-Current Assets				
Capital Assets				
Net Of Accumulated Depreciation	1,503,276	-	-	1,503,276
Total Capital Assets	1,503,276	-	-	1,503,276
Total Assets	1,678,122	204,380	164,578	2,047,080
<b>DEFERRED OUTFLOWS</b>				
Pension Related	21,335	-	-	21,335
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	8,504	-	-	8,504
Accrued Payroll	2,157	-	-	2,157
Due To Other Funds	11,779	-	-	11,779
Total Current Liabilities	22,440	-	-	22,440
Non-Current Liabilities				
Net Pension Liability	36,576	-	-	36,576
Total Liabilities	59,016	-	-	59,016
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related	43,684	-	-	43,684
<b>NET POSITION</b>				
Net Investment In Capital Assets	1,503,276	-	-	1,503,276
Unrestricted	93,481	204,380	164,578	462,439
Total Net Position	\$ 1,596,757	\$ 204,380	\$ 164,578	\$ 1,965,715

VILLAGE OF KIRKLAND, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION

PROPRIETARY FUND - WATER AND SEWER FUND BY SUBACCOUNT

For the Year Ended April 30, 2017

	Water & Sewer Operating Account	Water Improvement Account	Sewer Improvement Account	2017 Total
OPERATING REVENUES				
Charges for Services				
Water and Sewer Charges	\$ 332,293	\$ -	\$ -	\$ 332,293
Total Operating Revenues	332,293	-	-	332,293
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Water & Sewer Operations	271,916	5,000	4,950	281,866
Total Operating Expenses Excluding Depreciation	271,916	5,000	4,950	281,866
OPERATING INCOME (EXPENSES) BEFORE DEPRECIATION	60,377	(5,000)	(4,950)	50,427
DEPRECIATION	82,649	-	-	82,649
OPERATING INCOME (LOSS)	(22,272)	(5,000)	(4,950)	(32,222)
NON-OPERATING REVENUES				
Investment Income	-	102	83	185
Total Non-Operating Revenues (Expenses)	-	102	83	185
INCOME BEFORE TRANSFERS	(22,272)	(4,898)	(4,867)	(32,037)
TRANSFERS				
Transfers From (To) Other Funds Or Subaccounts				
Water Improvement Subaccount	-	-	-	-
Total Transfers	-	-	-	-
CHANGE IN NET POSITION	(22,272)	(4,898)	(4,867)	(32,037)
NET POSITION, MAY 1,	1,619,029	209,278	169,445	1,997,752
NET POSITION, APRIL 30	\$ 1,596,757	\$ 204,380	\$ 164,578	\$ 1,965,715

VILLAGE OF KIRKLAND, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND - WATER AND SEWER FUND BY SUBACCOUNT

For the Year Ended April 30, 2017

	Water & Sewer Operating Account	Water Improvement Account	Sewer Improvement Account	2017 Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts From Customers	\$ 331,252	\$ -	\$ -	\$ 331,252
Payments To Suppliers	(94,545)	(5,000)	(4,950)	(104,495)
Payments To Employees	(181,913)	-	-	(181,913)
Net Cash From Operating Activities	54,794	(5,000)	(4,950)	44,844
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	-	-	-	-
Other Funds Due To/From	12,586	-	-	12,586
Proprietary Fund Interaccount Due To/Due From	-	17,487	-	17,487
Proprietary Fund Interaccount Transfers	(17,487)	-	-	(17,487)
Net Cash From Capital and Related Financing Activities	(4,901)	17,487	-	12,586
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	-	102	83	185
Net Cash From Investing Activities	-	102	83	185
<b>NET INCREASE IN CASH</b>	49,893	12,589	(4,867)	57,615
<b>CASH, MAY 1</b>	72,831	191,791	169,445	434,067
<b>CASH, APRIL 30</b>	<u>\$ 122,724</u>	<u>\$ 204,380</u>	<u>\$ 164,578</u>	<u>\$ 491,682</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (22,272)	\$ (5,000)	\$ (4,950)	\$ (32,222)
Depreciation	82,649	-	-	82,649
Adjustments To Reconcile Operating Income (Loss) To Net Cash From Operating Activities				
Accounts Receivable	(1,041)	-	-	(1,041)
Accounts Payable	4,478	-	-	4,478
Accrued Payroll	(2,874)	-	-	(2,874)
Pension Expense	(6,146)	-	-	(6,146)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 54,794</u>	<u>\$ (5,000)</u>	<u>\$ (4,950)</u>	<u>\$ 44,844</u>

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL

WATER AND SEWER FUND - WATER AND SEWER OPERATING SUBACCOUNT

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017		2016	
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges For Services				
Water and Sewer Charges	\$ 317,750	\$ 317,750	\$ 321,980	\$ 308,120
Miscellaneous				
Reimbursements	500	500	10,313	1,055
Total Operating Revenues	318,250	318,250	332,293	309,175
OPERATING EXPENSES				
EXCLUDING DEPRECIATION				
Water & Sewer Operating Expenses	292,338	292,338	271,916	278,364
Total Operating Expenses Excluding Depreciation	292,338	292,338	271,916	278,364
OPERATING INCOME (EXPENSES)				
EXCLUDING DEPRECIATION	25,912	25,912	60,377	30,811
DEPRECIATION	-	-	82,649	83,237
OPERATING INCOME (LOSS)	25,912	25,912	(22,272)	(52,426)
TRANSFERS				
Transfers From (To) Other Funds Or Subaccounts				
From Water Improvement Subaccount	-	-	-	23,236
To Water Improvement Subaccount	(17,750)	(17,750)	-	(17,487)
Total Transfers	(17,750)	(17,750)	-	5,749
CHANGE IN NET POSITION	\$ 8,162	\$ 8,162	(22,272)	(46,677)
NET POSITION, MAY 1,			1,619,029	1,727,431
Prior Period Adjustment			-	(61,725)
NET POSITION, MAY 1, RESTATED			1,619,029	1,665,706
NET POSITION, APRIL 30			\$ 1,596,757	\$ 1,619,029

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL

WATER AND SEWER FUND - WATER AND SEWER OPERATING SUBACCOUNT

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
<b>OPERATING EXPENSES</b>				
<b>Salaries &amp; Benefits</b>				
Water & Sewer F/T Salaries	\$ 110,575	\$ 110,575	\$ 108,535	\$ 107,355
Water & Sewer P/T Maintenance	4,500	4,500	5,869	2,515
Water & Sewer P/T Billing	16,925	16,925	16,651	16,430
Water & Sewer Overtime	3,300	3,300	1,661	1,806
Payroll Taxes	10,425	10,425	9,743	9,971
IMRF Pension	16,175	16,175	14,191	15,866
Pension Expense	-	-	(6,146)	3,346
Life Insurance	534	534	534	534
Health Insurance	22,210	22,210	21,855	20,904
Total Salaries & Benefits	184,644	184,644	172,893	178,727
<b>Contractual Services</b>				
Repairs & Maint - Water	4,000	4,000	4,856	4,180
Maint - Truck & Tractor	1,500	1,500	314	1,066
Repairs & Maint - Sewer	1,500	1,500	10,516	100
Meter Repair	3,750	3,750	3,353	3,372
Repairs & Maint - Treatment	4,000	4,000	1,651	697
Dues & Training	900	900	940	624
Electric - Water	31,750	31,750	29,897	30,813
Heat - Sewer Plant	1,200	1,200	951	1,146
Telephone	3,625	3,625	2,826	3,858
Internet Expense	600	600	686	779
Property/Liability Insurance	26,050	26,050	16,175	24,232
Postage	1,310	1,310	1,224	1,313
Printing & Publishing	1,606	1,606	849	1,606
Testing - Water	4,500	4,500	3,255	3,080
Testing - Treatment	600	600	480	440
JULIE	600	600	706	436
Total Contractual Services	87,491	87,491	78,679	77,742
<b>Materials and Supplies</b>				
Materials & Supplies - Water	8,000	8,000	7,622	8,370
Materials & Supplies - Treatment	2,000	2,000	2,141	2,307
Lab Supplies	1,000	1,000	644	1,016
Water Billing Software	900	900	2,661	2,517
Tools/Equip - Water	250	250	599	80
Tools/Equip - Sewer	150	150	-	-
Tools/Equip - Treatment	150	150	-	-
Automotive Fuel	2,000	2,000	1,501	2,167
Uniforms	2,650	2,650	2,098	2,535
Total Materials and Supplies	17,100	17,100	17,266	18,992

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL

WATER AND SEWER FUND - WATER AND SEWER OPERATING SUBACCOUNT (Continued)

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	Original Budget	2017 Final Budget	Actual	2016 Actual
OPERATING EXPENSES (Continued)				
Capital Outlay				
Equipment	-	-	-	-
Sewer - Lift Station Pump	-	-	-	-
Treatment - Equipment	-	-	-	7,050
Capital Outlay Capitalized	-	-	-	(7,050)
Total Capital Outlay	-	-	-	-
Miscellaneous Expense				
NPDES Permit	2,500	2,500	2,500	2,500
Lease - Property	403	403	578	403
Other Expense	200	200	-	-
Total Miscellaneous Expense	3,103	3,103	3,078	2,903
Total Water and Sewer Expenses Before Depreciation	292,338	292,338	271,916	278,364
Depreciation Expense	-	-	82,649	83,237
TOTAL OPERATING EXPENSES	292,338	292,338	354,565	361,601
TRANSFERS				
Transfer To Water Improvement Subaccount	17,750	17,750	-	17,487
Total Transfers	17,750	17,750	-	17,487
TOTAL OPERATING EXPENDITURES	\$ 310,088	\$ 310,088	\$ 354,565	\$ 379,088

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL

WATER AND SEWER FUND - WATER IMPROVEMENT SUBACCOUNT

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges For Services				
Water and Sewer Charges	\$ -	\$ -	\$ -	\$ -
Total Operating Revenues	-	-	-	-
OPERATING EXPENSES				
Water Operations				
Water Tank Engineering	-	-	-	11,223
Water Main Improvements	-	-	-	23,236
Engineering	7,000	7,000	5,000	-
Water Capital Outlay Capitalized	-	-	-	(23,236)
Total Operating Expenses	7,000	7,000	5,000	11,223
OPERATING INCOME (LOSS)	(7,000)	(7,000)	(5,000)	(11,223)
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	100	100	102	101
Total Non-Operating Revenues (Expenses)	100	100	102	101
TRANSFERS				
Transfer From Water and Sewer Operating	17,750	17,750	-	17,487
Transfer (To) Water and Sewer Operating	-	-	-	(23,236)
Total Transfers	17,750	17,750	-	(5,749)
CHANGE IN NET POSITION	\$ 10,850	\$ 10,850	(4,898)	(16,871)
NET POSITION, MAY 1			209,278	226,149
NET POSITION, APRIL 30			\$ 204,380	\$ 209,278



VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL

WATER AND SEWER FUND - SEWER IMPROVEMENT SUBACCOUNT

For the Year Ended April 30, 2017  
(with comparative actual for 2016)

	2017			2016
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services				
Water and Sewer Charges	\$ -	\$ -	\$ -	\$ -
Total Operating Revenues	-	-	-	-
OPERATING EXPENSES				
Sewer Operations				
Sewer Improvements	-	-	4,950	-
Sewer Improvements Capitalized	-	-	-	-
Total Sewer Operating Expenses	-	-	4,950	-
OPERATING INCOME	-	-	(4,950)	-
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	50	50	83	88
Total Non-Operating Revenues (Expenses)	50	50	83	88
TRANSFERS				
Transfer (To) Water and Sewer Operating	-	-	-	-
Total Transfers	-	-	-	-
CHANGE IN NET POSITION	\$ 50	\$ 50	(4,867)	88
NET POSITION, MAY 1			169,445	169,357
NET POSITION, APRIL 30			\$ 164,578	\$ 169,445

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF GENERAL CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

For the Year Ended April 30, 2017

	Capital Assets			Accumulated Depreciation				Net Capital Assets
	Balances May 1	Additions	Retirements	Balances April 30	Balances May 1	Provisions	Retirements	
<b>GENERAL GOVERNMENT</b>								
Buildings and Improvements Equipment	\$ 722,934 16,883	\$ - -	\$ - -	\$ 722,934 16,883	\$ 151,576 4,122	\$ 13,147 1,491	\$ - -	\$ 558,211 11,270
Total General Government	739,817	-	-	739,817	155,698	14,638	-	569,481
<b>PUBLIC SAFETY</b>								
Equipment & Vehicles	114,707	-	-	114,707	71,494	12,502	-	30,711
Total Public Safety	114,707	-	-	114,707	71,494	12,502	-	30,711
<b>HIGHWAYS AND STREETS</b>								
Equipment & Vehicles	211,468	-	-	211,468	136,615	9,573	-	65,280
Pioneer Park Improvements Infrastructure	42,853 1,336,113	- -	- -	42,853 1,336,113	35,851 359,099	2,741 45,691	- -	4,261 931,323
Total Highways and Streets	1,590,434	-	-	1,590,434	531,565	58,005	-	1,000,864
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 2,444,958</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,444,958</b>	<b>\$ 758,757</b>	<b>\$ 85,145</b>	<b>\$ -</b>	<b>\$ 1,601,056</b>
<b>CAPITAL ASSETS SUMMARY</b>								
Buildings and Improvements Equipment	\$ 722,934 16,883	\$ - -	\$ - -	\$ 722,934 16,883	\$ 151,576 4,122	\$ 13,147 1,491	\$ - -	\$ 558,211 11,270
Equipment & Vehicles	326,175	-	-	326,175	208,109	22,075	-	95,991
Pioneer Park Improvements Infrastructure	42,853 1,336,113	- -	- -	42,853 1,336,113	35,851 359,099	2,741 45,691	- -	4,261 931,323
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 2,444,958</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,444,958</b>	<b>\$ 758,757</b>	<b>\$ 85,145</b>	<b>\$ -</b>	<b>\$ 1,601,056</b>

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF WATER AND SEWER CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

For the Year Ended April 30, 2017

	Capital Assets			Accumulated Depreciation				Net Capital Assets	
	Balances May 1	Additions	Retirements	Balances April 30	Balances May 1	Provisions	Retirements		
EQUIPMENT									
Equipment	\$ 347,271	\$ -	\$ -	\$ 347,271	\$ 142,249	\$ 13,089	\$ -	\$ 155,338	\$ 191,933
Total Equipment	347,271	-	-	347,271	142,249	13,089	-	155,338	191,933
VEHICLES									
Vehicles	131,180	-	-	131,180	40,068	4,925	-	44,993	86,187
Total Vehicles	131,180	-	-	131,180	40,068	4,925	-	44,993	86,187
DISTRIBUTION SYSTEM									
Water System	915,048	-	-	915,048	328,792	26,082	-	354,874	560,174
Sewer System	787,880	-	-	787,880	298,140	16,160	-	314,300	473,580
Sewer Treatment Plant	1,038,181	-	-	1,038,181	824,386	22,393	-	846,779	191,402
Total Water & Sewer System	2,741,109	-	-	2,741,109	1,451,318	64,635	-	1,515,953	1,225,156
TOTAL CAPITAL ASSETS	\$ 3,219,560	\$ -	\$ -	\$ 3,219,560	\$ 1,633,635	\$ 82,649	\$ -	\$ 1,716,284	\$ 1,503,276
CAPITAL ASSETS SUMMARY									
Equipment	\$ 347,271	\$ -	\$ -	\$ 347,271	\$ 142,249	\$ 13,089	\$ -	\$ 155,338	\$ 191,933
Vehicles	131,180	-	-	131,180	40,068	4,925	-	44,993	86,187
Water System	915,048	-	-	915,048	328,792	26,082	-	354,874	560,174
Sewer System	787,880	-	-	787,880	298,140	16,160	-	314,300	473,580
Sewer Treatment Plant	1,038,181	-	-	1,038,181	824,386	22,393	-	846,779	191,402
TOTAL CAPITAL ASSETS	\$ 3,219,560	\$ -	\$ -	\$ 3,219,560	\$ 1,633,635	\$ 82,649	\$ -	\$ 1,716,284	\$ 1,503,276

VILLAGE OF KIRKLAND, ILLINOIS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
VILLAGE TAX RATES AND TAX LEVIES

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Rural and Railroad Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Total Village Tax Rate	Total Village Tax Levy
2016	\$ 19,275,058	\$ 1,808,482	\$ 413,142	\$ 152,349	\$ 21,649,031	\$ 64,947,093	\$ 0.91982	\$ 199,132
2015	18,181,526	1,819,366	389,370	137,336	20,527,598	61,582,794	0.96264	197,607
2014	18,550,196	1,752,168	362,051	153,325	20,817,740	62,453,220	0.94134	195,966
2013	19,129,002	1,836,786	371,826	135,210	21,472,824	64,418,472	0.89840	192,912
2012	20,904,451	1,944,844	401,574	135,027	23,385,896	70,157,688	0.81034	189,505
2011	24,356,458	1,996,322	419,169	132,353	26,904,302	80,712,906	0.68393	184,007
2010	26,976,745	2,086,275	26,437	118,298	29,207,755	87,623,265	0.61761	180,390
2009	28,466,081	2,155,445	26,437	87,270	30,735,233	92,205,699	0.57125	175,575
2008	28,861,002	2,141,807	26,437	111,740	31,140,986	93,422,958	0.56280	175,261
2007	27,551,730	2,159,996	26,437	76,710	29,814,873	89,444,619	0.56013	167,002

Note: Property in the Village is reassessed each year. Property is assessed at 33.333% of actual value.

Note: Does not include property valuations in the Kirkland TIF District.

Data Source

Office of the County Clerk

# VILLAGE OF KIRKLAND, ILLINOIS

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Five Levy Years

Tax Levy Year	2012	2013	2014	2015	2016
<b>VILLAGE DIRECT RATES</b>					
General Corporate	\$ 0.35171	\$ 0.39099	\$ 0.36733	\$ 0.36098	\$ 0.34492
Police Protection	0.35171	0.39102	0.45919	0.48132	0.45991
Audit	0.02139	0.02328	0.02297	0.02407	0.02300
Liability Insurance	0.08553	0.09311	0.09185	0.09627	0.09199
<b>TOTAL VILLAGE DIRECT RATES</b>	<b>\$ 0.81034</b>	<b>\$ 0.89840</b>	<b>\$ 0.94134</b>	<b>\$ 0.96264</b>	<b>\$ 0.91982</b>
<b>OVERLAPPING RATES</b>					
Kishwaukee Community College No. 523	\$ 0.64156	\$ 0.72938	\$ 0.71234	\$ 0.69723	\$ 0.66998
County of DeKalb	1.08923	1.20126	1.24825	1.23640	1.14289
DeKalb County Forest Preserve District	0.07972	0.08521	0.08761	0.08530	0.07990
Franklin Cemetery	0.07015	0.07651	0.07900	0.08019	0.07829
Franklin Road and Bridge	0.53815	0.57495	0.59025	0.47766	0.45815
Franklin Township	0.23733	0.25506	0.26335	0.26731	0.26098
Franklin Twp Park District	0.08742	0.09534	0.09845	0.09993	0.09756
Franklin Fire District	0.48260	0.51788	0.52569	0.52780	0.51037
Kirkland Library	0.19872	0.22032	0.23085	0.23607	0.22557
Hiawatha School District 426	5.41202	5.92226	6.03921	6.34142	6.44019
Village of Kirkland	0.81034	0.89840	0.94134	0.96264	0.91982
<b>TOTAL PROPERTY TAX RATE</b>	<b>\$ 9.64724</b>	<b>\$ 10.57657</b>	<b>\$ 10.81634</b>	<b>\$ 11.01195</b>	<b>\$ 10.88370</b>

### Data Source

Office of the County Clerk

# VILLAGE OF KIRKLAND, ILLINOIS

## KIRKLAND TIF DISTRICT ASSESSED VALUATION, PROPERTY TAX RATES, & TAX LEVIES

Last Five Levy Years

Tax Levy Year	2012	2013	2014	2015	2016
<b>ASSESSED VALUATION</b>					
Kirkland TIF District	\$ 2,496,993	\$ 2,017,807	\$ 1,846,907	\$ 1,960,722	\$ 2,356,014
<b>PROPERTY TAX RATES</b>					
Kishwaukee Community College No. 523	\$ 0.64156	\$ 0.72938	\$ 0.71234	\$ 0.69723	\$ 0.66998
County of DeKalb	1.08923	1.20126	1.24825	1.23640	1.14289
DeKalb County Forest Preserve District	0.07972	0.08521	0.08761	0.08530	0.07990
Franklin Cemetery	0.07015	0.07651	0.07900	0.08019	0.07829
Franklin Road and Bridge	0.53815	0.57495	0.59025	0.47766	0.45815
Franklin Township	0.23733	0.25506	0.26335	0.26731	0.26098
Franklin Twp Park District	0.08742	0.09534	0.09845	0.09993	0.09756
Franklin Fire District	0.48260	0.51788	0.52569	0.52780	0.51037
Kirkland Library	0.19872	0.22032	0.23085	0.23607	0.22557
Hiawatha School District 426	5.41202	5.92226	6.03921	6.34142	6.44019
Village of Kirkland	0.81034	0.89840	0.94134	0.96264	0.91982
<u>Total Property Tax Rate</u>	<u>\$ 9.64724</u>	<u>\$ 10.57657</u>	<u>\$ 10.81634</u>	<u>\$ 11.01195</u>	<u>\$ 10.88370</u>
<b>TIF DISTRICT TAX LEVIES</b>					
Kishwaukee Community College No. 523	\$ 16,020	\$ 14,718	\$ 13,156	\$ 13,671	\$ 15,785
County of DeKalb	27,198	24,239	23,054	24,242	26,927
DeKalb County Forest Preserve District	1,991	1,719	1,618	1,672	1,882
Franklin Cemetery	1,752	1,544	1,459	1,572	1,845
Franklin Road and Bridge	13,437	11,600	10,901	9,366	10,794
Franklin Township	5,926	5,147	4,864	5,241	6,149
Franklin Twp Park District	2,183	1,924	1,818	1,959	2,299
Franklin Fire District	12,050	10,450	9,709	10,349	12,024
Kirkland Library	4,962	4,446	4,264	4,629	5,314
Hiawatha School District 426	135,138	119,500	111,539	124,338	151,732
Village of Kirkland	20,234	18,128	17,386	18,875	21,671
<u>Total TIF District Tax Levies</u>	<u>\$ 240.891</u>	<u>\$ 213.415</u>	<u>\$ 199.768</u>	<u>\$ 215.914</u>	<u>\$ 256.422</u>

### Data Source

Office of the County Clerk



## **Independent Accountant's Report**

To the Honorable Mayor and Board of Trustees  
Village of Kirkland, Illinois

We have examined the Village of Kirkland, Illinois' (the "Village") compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2017. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with specified requirements.

In our opinion, the Village of Kirkland, Illinois, complied, in all material respects, with the aforementioned requirements for the year ended April 30, 2017.

This report is intended solely for the information and use of management, the Village Board, others within the Village, the Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

*Wipfli LLP*

Rockford, Illinois  
October 26, 2017