

Village of Kirkland Kirkland, Illinois

Annual Financial Report
For the year Ended April 30, 2020

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, 2020

VILLAGE BOARD

Ryan Block, Village President

TRUSTEES

Coleen Ford

John Michener

Dan Chambers

Steve Devlieger

Jessica Fruit

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, 2020, 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 of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of 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, 2020, 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 6 through 16 and the budgetary comparison information and the schedules of employer's proportionate share of the net pension liability and employer contributions – IMRF on pages 49 through 55 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. 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 other information on pages 73 through 77 is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

We have previously audited the Village's 2019 financial statements, and we expressed an unmodified audit opinion on the supplementary information was fairly stated in relation to the basic financial statements in our report dated November 1, 2019. In our opinion, the summarized comparative required supplementary information and supplementary information presented herein as of and for the year ended April 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 4, 2020 on our consideration of Village of Kirkland, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Kirkland, Illinois' internal control over financial reporting and compliance.

Wipfli LLP

Rockford, Illinois
December 4, 2020

**Independent Auditor's Report
On Internal Control Over Financial Reporting and On Compliance and
Other Matters Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

Board of Trustees
Village of Kirkland
Kirkland, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Village of Kirkland, Illinois (the Village) as of and for the year ended April 30, 2020, and the related notes to the financial statements which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Kirkland, Illinois' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Kirkland, Illinois's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2020-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Kirkland, Illinois financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Kirkland, Illinois's Responses to Findings

Village of Kirkland, Illinois's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Village of Kirkland, Illinois's responses were not subjected to our auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Rockford, Illinois
December 4, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

VILLAGE OF KIRKLAND, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

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, 2020. 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, deferred outflows, liabilities and deferred inflows 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 17 - 19) 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'S DISCUSSION AND ANALYSIS (Continued)

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 four 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, and the Capital Projects Fund (had no activity in this fiscal year), 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 20 – 23 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'S DISCUSSION AND ANALYSIS (Continued)

The basic proprietary fund financial statements can be found on pages 24 - 26 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 27 - 48 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 and Tax Incremental Financing 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 49 - 55 of this report.

Additionally, certain supplementary and other information 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 56 – 77.

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 17 – 19 and summarized on the next two pages:

VILLAGE OF KIRKLAND, ILLINOIS
MANAGEMENT'S 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, 2020.

A significant portion of the Village's net position (73%) reflects its net investment in capital assets less any related outstanding debt used to acquire those assets. Approximately 8% of net position represents resources subject to restrictions on how they may be used, and about 19%, or \$957,613, represents unrestricted net position and may be used to meet the Village's ongoing obligations. During the fiscal year ended April 30, 2020, unrestricted net position of governmental activities increased \$189,479 and business-type net position increased \$1,103 for an overall increase of \$190,582.

Table 1
Statement of Net Position
As of April 30, 2019 and 2020

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2020	2019	2020	2019	2020
Assets						
Current Assets	\$ 1,441,415	\$ 1,249,812	\$ 477,218	\$ 529,467	\$ 1,918,633	\$ 1,779,279
Noncurrent Assets	2,220,712	2,828,897	1,426,652	1,389,081	3,647,364	4,217,978
Total Assets	3,662,127	4,078,709	1,903,870	1,918,548	5,565,997	5,997,257
Deferred Outflows	109,145	68,720	69,918	73,392	179,063	142,112
Current Liabilities	100,718	119,973	7,471	65,778	108,189	185,751
Non-Current Liabilities	130,167	403,955	20,655	-	150,822	403,955
Total Liabilities	230,885	523,928	28,126	65,778	259,011	589,706
Deferred Inflows Of Resources	626,960	347,504	71,267	109,090	698,227	456,594
Total Liabilities and Deferred Inflows	857,845	871,432	99,393	174,868	957,238	1,046,300
Net Position						
Net Investment In Capital Assets	2,130,671	2,344,001	1,426,652	1,368,226	3,557,323	3,712,227
Restricted	463,468	423,229	-	-	463,468	423,229
Unrestricted	319,288	508,767	447,743	448,846	767,031	957,613
Total Net Position	\$ 2,913,427	\$ 3,275,997	\$ 1,874,395	\$ 1,817,072	\$ 4,787,822	\$ 5,093,069

For more detailed information see the Statement of Net Position (page 17).

VILLAGE OF KIRKLAND, ILLINOIS
MANAGEMENT'S 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, 2020.

Table 2
Changes In Net Position
For the Fiscal Year Ended April 30, 2019 and 2020

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2020	2019	2020	2019	2020
Revenues						
Program Revenues						
Charges For Services	\$ 204,932	\$ 244,442	\$ 372,647	\$ 450,195	\$ 577,579	\$ 694,637
Operating Grants	55,571	64,356	-	-	55,571	64,356
Capital Grant	-	85,723	-	-	-	85,723
General Revenues						
Property Tax	500,345	515,688	-	-	500,345	515,688
Sales Tax	192,900	205,150	-	-	192,900	205,150
State Income Tax	169,323	189,022	-	-	169,323	189,022
Utility Tax	100,242	95,039	-	-	100,242	95,039
Other Taxes	68,098	93,910	-	-	68,098	93,910
Investment Income	16,650	18,917	193	-	16,843	18,917
Gain on Sale of Assets	5,073	-	-	-	5,073	-
Miscellaneous	9,928	34,996	-	-	9,928	34,996
Total Revenues	1,323,062	1,547,243	372,840	450,195	1,695,902	1,997,438
Expenses						
General Government	373,903	298,628	-	-	373,903	298,628
Public Safety	239,552	319,041	-	-	239,552	319,041
Highways and Streets	318,393	387,216	-	-	318,393	387,216
Sanitation	180,929	175,196	-	-	180,929	175,196
Interest	2,320	4,592	-	-	2,320	4,592
Water and Sewer	-	-	438,175	507,518	438,175	507,518
Total Expenses	1,115,097	1,184,673	438,175	507,518	1,553,272	1,692,191
Contributions	-	-	-	-	-	-
Change In Net Position	207,965	362,570	(65,335)	(57,323)	142,630	305,247
Net Position, May 1	2,705,462	2,913,427	1,939,730	1,874,395	4,645,192	4,787,822
Net Position, April 30	\$ 2,913,427	\$ 3,275,997	\$ 1,874,395	\$ 1,817,072	\$ 4,787,822	\$ 5,093,069

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

CURRENT YEAR FINANCIAL IMPACTS

Governmental Activities

Revenues

Total revenues for the Village's governmental activities for the fiscal year ended April 30, 2020 were \$1,547,243. This total includes \$64,356 in "operating grants" that represent state shared motor fuel taxes and \$85,723 in "capital grants" that represent IEPA loan forgiveness. In comparison to the prior year, total revenues increased \$224,181 primarily because of increases to sales tax, income tax, and property tax.

The revenue mix, received in the fiscal year ended April 30, 2020, represents a relatively diverse revenue base. About 20% of revenues were provided by service charges and operating grants, 33% from property taxes, 18% from state shared revenues, 13% from sales taxes, 6% from utility taxes, and 9% from other sources.

State-shared revenues including state income tax, use tax, video gaming tax, and personal property replacement tax totaled \$282,932 in the fiscal year ended April 30, 2020, an increase of \$45,511 from the previous year. Additionally, sales tax revenues of \$205,150 increased \$12,250, or about 6% from the previous fiscal year.

Expenses

Total expenses for the Village's governmental activities for the fiscal year ended April 30, 2020 were \$1,184,673. As required by GASB Statement No. 34, total expenses include depreciation but it excludes expenditures for capital assets. The largest functional expense was highways and streets at \$387,216. This amount was followed by \$319,041 for public safety, \$298,628 for general government, \$175,196 for sanitation (refuse disposal) and \$4,592 for interest expense. Overall, total revenues in governmental activities exceeded total expenses by \$362,570.

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

Business-Type Activities

Revenues

Total revenues for the Village's business-type activities for the fiscal year ended April 30, 2020 were \$450,195 solely from water and sewer charges. Charges for water and sewer service provided about 89% of total related business-type expenses including depreciation.

Expenses

Total expenses, including depreciation of \$87,212, for the Village's business-type activities for the fiscal year ended April 30, 2020 were \$507,518. During the year, the net position of business-type activities decreased \$57,323.

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, 2020, the governmental funds (as presented on the balance sheet on page 20) had combined fund balances of \$945,893. This represents an overall increase of \$68,270 from prior year fund balances. The General Fund increased \$108,509. The Motor Fuel Tax Fund increased \$29,057, along with a decrease in the Tax Increment Financing Fund of \$69,296.

The total net position of the Water and Sewer Fund decreased from \$1,874,395 at April 30, 2019 to \$1,817,072 at April 30, 2020, a decrease of \$57,323. However, of greater significance is the unrestricted portion of net position of the Water and Sewer Fund which increased \$1,103. The total amount of unrestricted net position, which represents net working capital, as of April 30, 2020 was \$448,846 compared to \$447,743 as of April 30, 2019.

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, an additional 12% in the 2017/2018 fiscal year, an additional 36% in the 2018/2019 fiscal year, and an additional 6% in the 2019/2020 fiscal year. Property taxes have slowly 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, 2020 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'S DISCUSSION AND ANALYSIS (Continued)

Table 3
General Fund Appropriation Highlights
For the Fiscal Year Ended April 30, 2020
(With Comparative Actual for 2019)

	Original Budget	2020 Final Budget	Actual	2019 Actual
REVENUES				
Taxes	\$ 484,500	\$ 484,500	\$ 514,506	\$ 504,103
Licenses and Permits	19,800	19,800	22,980	18,687
Intergovernmental Revenue	221,200	221,200	282,932	237,421
Service Charges	209,600	209,600	199,135	164,487
Fines and Forfeits	25,000	25,000	22,327	21,758
Investment Income	10,500	10,500	14,365	12,531
Miscellaneous	12,350	12,350	34,996	21,228
Total Revenues	982,950	982,950	1,091,241	980,215
EXPENDITURES				
Current				
General Government	126,805	126,805	161,701	159,741
Public Safety	314,820	314,820	313,778	271,541
Highways and Streets	269,850	269,850	227,669	371,651
Sanitation	175,880	175,880	175,196	180,929
Capital Outlay	602,300	602,300	500,328	151,176
Debt Service	72,600	72,600	56,882	39,393
Total Expenditures	1,562,255	1,562,255	1,435,554	1,174,431
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(579,305)	(579,305)	(344,313)	(194,216)
(OTHER FINANCING SOURCES (USES))				
Interfund Transfers In (Out)	-	-	-	(17,045)
Sale of capital assets	-	-	-	5,073
Loan Proceeds	546,800	546,800	452,822	78,468
Total Other Financing Sources (Uses)	546,800	546,800	452,822	66,496
NET CHANGE IN FUND BALANCE	\$ (32,505)	\$ (32,505)	108,509	(127,720)
FUND BALANCE, MAY 1			414,155	541,875
FUND BALANCE, APRIL 30			\$ 522,664	\$ 414,155

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

The General Fund total expenditures exceeded total revenue by \$344,313 and loan proceeds from the IEPA loan for the Bull Run Creek Construction of \$452,822 increase fund balance. The fund balance increased from \$414,155 to \$522,664.

The fund balance of the General Fund of \$522,664 compared to total expenditures of \$1,435,554 represents a fund balance to expenditures ratio of 28.8%. Expenditures in fiscal year 2019/2020 were unusually high due to the Bull Run Creek Construction which causes this ratio to be lower than normal. The Village generally seeks to have a fund balance to expense ratio in excess of 50%.

CAPITAL ASSETS

The following schedule reflects the Village's capital asset balances as of April 30, 2020.

Table 4
Capital Assets
As of April 30, 2020
(With Comparative Actual for 2019)

	2020			2019
	Governmental Activities	Business-Type Activities	Totals	Totals
Building and Improvements	\$ 851,247	\$ -	\$ 851,247	\$ 739,234
Equipment and Vehicles	507,149	581,952	1,089,101	1,066,868
Pioneer Park Improvement	42,853	-	42,853	42,853
Infrastructure	2,551,818	-	2,551,818	1,948,456
Water and Sewer System	-	1,721,183	1,721,183	1,702,928
Sewer Treatment Plant	-	1,038,181	1,038,181	1,038,181
Total Capital Assets				
Excluding Depreciation	3,953,067	3,341,316	7,294,383	6,538,520
Less:				
Accumulated Depreciation	1,143,698	1,973,090	3,116,788	2,891,156
Total Capital Assets	<u>\$2,809,369</u>	<u>\$1,368,226</u>	<u>\$4,177,595</u>	<u>\$3,647,364</u>

At year-end, the Village's investment in capital assets (net of accumulated depreciation) for both its governmental and business-type activities was \$4,177,595 (see note 3 in the Notes to the Financial Statements for further information regarding capital assets). During the fiscal year ended April 30, 2020, there were several asset additions including road improvements, the Bull Run Creek Construction, and new equipment. Additional information on the Village's capital assets can be found on pages 37 - 39 of the notes to the financial statements.

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

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, 2019 the balance of this note was \$60,518. A total of \$34,209 in principal was paid on the note during the year ended April 30, 2020. During the 2018 fiscal year the Village entered into an agreement with the DeKalb County Sheriff's Department to pay for new communications equipment required because of upgrades throughout the county in the amount of \$15,431. As of April 30, 2019 the balance of this agreement was \$11,573. A total of \$3,511 in principal was paid on the note during the year ended April 30, 2020. During the 2019 fiscal year the Village obtained an installment note for \$78,468 for the purchase of two public works trucks. As of April 30, 2019 the balance of this note was \$78,468. A total of \$14,570 in principal was paid on the note during the year ended April 30, 2020. During the 2020 fiscal year the Village obtained an IEPA loan for the construction required on Bull Run Creek. The Village as approved up to \$934,698 however only \$452,822 was drawn from the loan as of April 30, 2020. The IEPA agreement states 15% of this loan will be forgiven. As of April 30, 2020 \$85,723 of the loan balance was forgiven. 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, 2019 and April 30, 2020.

Table 5
Long-Term Debt
As of April 30, 2020
(With Comparative Actual for 2019)

	2020			2019
	Governmental Activities	Business-Type Activities	Total	Total
Bull Run Property Note	\$ 26,309	\$ -	\$ 26,309	\$ 60,518
Note Payable - Trucks	63,898	-	63,898	78,468
IEPA Loan - Bull Run Construction	367,099	-	367,099	-
DeKalb County Sheriff Note	8,062	-	8,062	11,573
Total Long-Term Debt	\$ 465,368	\$ -	\$ 465,368	\$ 150,559

The Village has used general revenues to pay the annual principal and interest for the general obligation debt. A flat fee has been added to the bi-monthly utility bills to repay the IEPA loan.

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

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 road improvements, 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, meaning this is the final year of the TIF District.

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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 922,415	\$ 470,416	\$ 1,392,831
Deposits/Prepaid	1,000	-	1,000
Receivables			
Property Taxes	245,359	-	245,359
Other Taxes	52,688	-	52,688
Accounts	28,350	59,051	87,401
Net Pension Asset	19,528	20,855	40,383
Capital Assets, Net of Accumulated Depreciation	2,809,369	1,368,226	4,177,595
Total Assets	4,078,709	1,918,548	5,997,257
DEFERRED OUTFLOWS			
Pension Related	68,720	73,392	142,112
LIABILITIES			
Accounts Payable	41,820	60,224	102,044
Accrued Payroll	10,747	5,554	16,301
Other Liabilities	1,016	-	1,016
Due to Developers	4,977	-	4,977
Notes Payable - due within one year	61,413	-	61,413
Noncurrent Liabilities			
Notes Payable	403,955	-	403,955
Net Pension Liability	-	-	-
Total Liabilities	523,928	65,778	589,706
DEFERRED INFLOWS OF RESOURCES			
Pension Related	102,145	109,090	211,235
Property Taxes	245,359	-	245,359
Total Deferred Inflows Of Resources	347,504	109,090	456,594
Total Liabilities and Deferred Inflows of Resources	871,432	174,868	1,046,300
NET POSITION			
Net Investment In Capital Assets	2,344,001	1,368,226	3,712,227
Restricted For			
Highways and Streets	267,959	-	267,959
Tax Incremental Financing District	155,270	-	155,270
Unrestricted	508,767	448,846	957,613
Total Net Position	\$ 3,275,997	\$ 1,817,072	\$ 5,093,069

See Notes to Financial Statements

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2020

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
Governmental Activities				
General Government	\$ 298,628	\$ 22,980	\$ -	\$ -
Public Safety	319,041	53,484	-	-
Highways and Streets	387,216	-	64,356	85,723
Sanitation	175,196	167,978	-	-
Interest	4,592	-	-	-
Total Governmental Activities	1,184,673	244,442	64,356	85,723
Business-Type Activities				
Water and Sewer Service	507,518	450,195	-	-
Total Business-Type Activities	507,518	450,195	-	-
TOTAL PRIMARY GOVERNMENT	\$ 1,692,191	\$ 694,637	\$ 64,356	\$ 85,723

See Notes to Financial Statements.

	Net (Expense) Revenue and Change In Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (275,648)	\$ -	\$ (275,648)
	(265,557)	-	(265,557)
	(237,137)	-	(237,137)
	(7,218)	-	(7,218)
	(4,592)	-	(4,592)
	(790,152)	-	(790,152)
	-	(57,323)	(57,323)
	-	(57,323)	(57,323)
	(790,152)	(57,323)	(847,475)
General Revenues			
Property Taxes	515,688	-	515,688
Sales Tax	205,150	-	205,150
Utility Taxes	95,039	-	95,039
Intergovernmental - Unrestricted			
State Income Tax	189,022	-	189,022
Other Taxes	93,910	-	93,910
Investment Income	18,917	-	18,917
Gain on Sale of Capital Assets	-	-	-
Miscellaneous	34,996	-	34,996
Total General Revenue	1,152,722	-	1,152,722
CHANGE IN NET POSITION	362,570	(57,323)	305,247
NET POSITION, MAY 1	2,913,427	1,874,395	4,787,822
NET POSITION, APRIL 30	\$ 3,275,997	\$ 1,817,072	\$ 5,093,069

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2020

	General	Motor Fuel Tax	Tax Incremental Financing	Capital Projects Fund	Total
ASSETS					
Cash	\$ 483,479	\$ 277,283	\$ 161,653	\$ -	\$ 922,415
Due from Other Funds	18,906	-	-	-	18,906
Deposits/Prepays	1,000	-	-	-	1,000
Receivables					
Property Taxes	245,359	-	-	-	245,359
Other Taxes	47,516	5,172	-	-	52,688
Accounts	28,350	-	-	-	28,350
Total Assets	\$ 824,610	\$ 282,455	\$ 161,653	\$ -	\$ 1,268,718
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 39,847	\$ 1,689	\$ 284	\$ -	\$ 41,820
Accrued Payroll	10,747	-	-	-	10,747
Due to Other Funds	-	12,807	6,099	-	18,906
Other Payables	1,016	-	-	-	1,016
Due To Developers	4,977	-	-	-	4,977
Total Liabilities	56,587	14,496	6,383	-	77,466
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	245,359	-	-	-	245,359
Total Deferred Inflows Of Resources	245,359	-	-	-	245,359
Total Liabilities and Deferred Inflows of Resources	301,946	14,496	6,383	-	322,825
FUND BALANCES					
Restricted					
Highways and Streets	-	267,959	-	-	267,959
Tax Incremental Financing District	-	-	155,270	-	155,270
Assigned					
Capital Equipment	46,862	-	-	-	46,862
Unassigned	475,802	-	-	-	475,802
Total Fund Balances	522,664	267,959	155,270	-	945,893
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 824,610	\$ 282,455	\$ 161,653	\$ -	\$ 1,268,718

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, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 945,893
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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.

Deferred Outflows Related to Pensions	68,720
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Capital Assets used in governmental activities are
not financial resources and, therefore, are not
reported in the Governmental Funds

	2,809,369
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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	(465,368)
Net Pension Asset (Liability)	19,528
Deferred Inflows Related to Pensions	(102,145)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,275,997</u>
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VILLAGE OF KIRKLAND, ILLINOIS

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

For the Year Ended April 30, 2020

	General	Motor Fuel Tax	Tax Incremental Financing	Capital Projects Fund	Total
REVENUES					
Taxes	\$ 514,506	\$ -	\$ 301,371	\$ -	\$ 815,877
Licenses and Permits	22,980	-	-	-	22,980
Intergovernmental Revenue	282,932	64,356	-	-	347,288
Service Charges	199,135	-	-	-	199,135
Fines and Forfeits	22,327	-	-	-	22,327
Investment Income	14,365	4,349	203	-	18,917
Miscellaneous	34,996	-	-	-	34,996
Total Revenues	1,091,241	68,705	301,574	-	1,461,520
EXPENDITURES					
Current					
General Government	161,701	-	124,775	-	286,476
Public Safety	313,778	-	-	-	313,778
Highways and Streets	227,669	39,648	27,204	-	294,521
Sanitation	175,196	-	-	-	175,196
Capital Outlay	500,328	-	218,891	-	719,219
Debt Service	56,882	-	-	-	56,882
Total Expenditures	1,435,554	39,648	370,870	-	1,846,072
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(344,313)	29,057	(69,296)	-	(384,552)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	-
Loan Proceeds	452,822	-	-	-	452,822
Interfund Transfers In (Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	452,822	-	-	-	452,822
NET CHANGE IN FUND BALANCES	108,509	29,057	(69,296)	-	68,270
FUND BALANCES, MAY 1	414,155	238,902	224,566	-	877,623
FUND BALANCES, APRIL 30	\$ 522,664	\$ 267,959	\$ 155,270	\$ -	\$ 945,893

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, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 68,270
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Amounts reported for Governmental Activities in the
Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures; however, they are capitalized and depreciated in the Statement of Activities	727,077
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Debt Proceeds are reported in Governmental Funds as other financing sources. However, the amount is recorded as a liability in the Statement of Net Position. The amount of debt proceeds in this period.	(452,822)
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Long-term debt forgiveness is not a current transaction and therefore is not recorded in Governmental Funds. However the amount is reported as a reduction of long-term debt on the Statement of Net Position and a capital grant on the Statement of Activities	85,723
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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	52,290
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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	(138,420)
Pension Expense	<u>20,452</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 362,570</u>
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VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2020

	Business-Type Activities Water and Sewer System
ASSETS	
Current Assets	
Cash	\$ 470,416
Receivables	
Accounts - Billed and Unbilled	59,051
Due From Other Funds	-
Total Current Assets	529,467
Non-Current Assets	
Net Pension Asset	20,855
Capital Assets	
Net of Accumulated Depreciation	1,368,226
Total Non-Current Assets	1,389,081
Total Assets	1,918,548
DEFERRED OUTFLOWS	
Pension Related	73,392
LIABILITIES	
Current Liabilities	
Accounts Payable	60,224
Accrued Payroll	5,554
Due To Other Funds	-
Total Current Liabilities	65,778
Non-Current Liabilities	
Net Pension Liability	-
Total Liabilities	65,778
DEFERRED INFLOWS OF RESOURCES	
Pension Related	109,090
NET POSITION	
Net Investment In Capital Assets	1,368,226
Unrestricted	448,846
TOTAL NET POSITION	\$ 1,817,072

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, 2020

	Business-Type Activities Water and Sewer System
OPERATING REVENUES	
Charges for Services	\$ 450,195
Total Operating Revenues	450,195
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Water and Sewer Operations	
Salaries and Benefits	230,332
Contractual Services	162,579
Material and Supplies	24,612
Miscellaneous	2,783
Total Operating Expenses Excluding Depreciation	420,306
OPERATING INCOME BEFORE DEPRECIATION	29,889
DEPRECIATION	87,212
OPERATING INCOME (LOSS)	(57,323)
NON-OPERATING REVENUES	
Investment Income	-
Total Non-Operating Revenue	-
CHANGE IN NET POSITION	(57,323)
NET POSITION, MAY 1	1,874,395
NET POSITION, APRIL 30	\$ 1,817,072

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2020

	Business-Type Activities Water and Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers	\$ 451,056
Payments To Suppliers	(134,007)
Payments To Employees	(235,153)
Net Cash From Operating Activities	81,896
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(28,786)
Transfer From Tax Incremental Financing Fund	-
General Fund Due To/From	-
Net Cash From Capital and Related Financing Activities	(28,786)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	-
Net Cash From Investing Activities	-
NET INCREASE (DECREASE) IN CASH	53,110
CASH, MAY 1	417,306
CASH, APRIL 30	\$ 470,416
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (57,323)
Depreciation	87,212
Adjustments To Reconcile Operating Income (Loss) To Net Cash From Operating Activities	
Accounts Receivable	861
Accounts Payable	55,967
Accrued Payroll	2,340
Pension related amounts	(7,161)
NET CASH FROM OPERATING ACTIVITIES	\$ 81,896

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

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, 2020

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, streets and sidewalks, 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 Motor Fuel Tax Fund and the Revolving Loan 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, 2020

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 two major special revenue funds, the Motor Fuel Tax Fund and the Tax Incremental Financing District 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, 2020

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, 2020

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, 2020

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 their acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

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 acquisition 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, 2020

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, 2020

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 2018 Tax Levy Ordinance, adopted in December 2018, and collected in 2019, was used to finance the fiscal year ended April 30, 2020. The 2019 Tax Levy Ordinance, adopted in December 2019, is recorded as a receivable and unavailable revenue in the financial statements for the year ended April 30, 2020.

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

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 \$302,194 and the bank balances totaled \$309,648. Additionally, the Village had \$1,090,637 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, 2020

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 five banks and the Illinois Funds: 7% of deposits were with Midland States Bank, Kirkland, Illinois, 3% with Resource Bank, Kirkland, Illinois, 12% with Heartland Bank, Genoa, Illinois, and less than 1% with Blackhawk Bank and Illinois National Bank, and 78% with Illinois Funds.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year ended April 30, 2020 follows on the next page:

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS - Continued

Governmental Activities – Continued

	Balances May 1, 2019	Additions	Deletions	Balances April 30, 2020
Capital Assets				
General Government				
Building and Improvements	\$ 739,234	\$ 78,827	\$ -	\$ 818,061
Equipment	21,628	-	-	21,628
Public Safety				
Equipment and Vehicles	140,338	-	-	140,338
Highways and Streets				
Equipment and Vehicles	333,481	11,702	-	345,183
Building and Improvements	-	33,186	-	33,186
Pioneer Park Improvement	42,853	-	-	42,853
Infrastructure	1,948,456	603,362	-	2,551,818
	<u>3,225,990</u>	<u>727,077</u>	<u>-</u>	<u>3,953,067</u>
Less Accumulated Depreciation				
General Government				
Building and Improvements	192,240	14,809	-	207,049
Equipment	9,725	2,163	-	11,888
Public Safety				
Equipment and Vehicles	89,047	16,552	-	105,599
Highways and Streets				
Equipment and Vehicles	158,970	35,452	-	194,422
Building and Improvements	-	830	-	830
Pioneer Park Improvement	42,782	71	-	42,853
Infrastructure	512,514	68,543	-	581,057
	<u>1,005,278</u>	<u>138,420</u>	<u>-</u>	<u>1,143,698</u>
Total Capital Assets	<u>\$ 2,220,712</u>	<u>\$ 588,657</u>	<u>\$ -</u>	<u>\$ 2,809,369</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 16,972
Public Safety	16,552
Highways and Streets	<u>104,896</u>
	<u>\$ 138,420</u>

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

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, 2019	Additions	Deletions	Balances April 30, 2020
Capital Assets				
Equipment	\$ 440,241	\$ 10,531	\$ -	\$ 450,772
Vehicles	131,180	-	-	131,180
Water System	915,048	-	-	915,048
Sewer System	787,880	18,255	-	806,135
Sewer Treatment Plant	<u>1,038,181</u>	<u>-</u>	<u>-</u>	<u>1,038,181</u>
	<u>3,312,530</u>	<u>28,786</u>	<u>-</u>	<u>3,341,316</u>
Less Accumulated Depreciation				
Equipment	185,959	16,321	-	202,280
Vehicles	54,843	4,925	-	59,768
Water System	407,038	26,082	-	433,120
Sewer System	346,620	17,774	-	364,394
Sewer Treatment Plant	<u>891,418</u>	<u>22,110</u>	<u>-</u>	<u>913,528</u>
	<u>1,885,878</u>	<u>87,212</u>	<u>-</u>	<u>1,973,090</u>
Total Capital Assets	<u>\$ 1,426,652</u>	<u>\$ (58,426)</u>	<u>\$ -</u>	<u>\$ 1,368,226</u>

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Installment Loans:

Issue	Fund Debt Retired By	Balances May 1, 2019	Issuances	Retirements	Balances April 30, 2020
Installment note to purchase Bull Run Creek Property, due in 60 monthly installments with interest at 2.91%, maturing January 22, 2021.	General Fund	\$ 60,518	\$ -	\$ 34,209	\$ 26,309
Installment note to purchase two Public Works trucks, due in 5 annual installments with interest at 3.67%, maturing November 15, 2023.	General Fund	\$ 78,468	\$ -	\$ 14,570	\$ 63,898
IEPA Loan to complete Bull Run Creek Construction Project due in 20 semi-annual installments with interest at 1.18% maturing 12/1/2039	General Fund	\$ -	\$ 452,822	\$ 85,723	\$ 367,099
Installment note to DeKalb County Sheriff for digital communication system, due in 4 annual installments with interest at 3%, maturing December 31, 2022	General Fund	11,573	-	3,511	8,062
		\$ 150,559	\$ 452,822	\$ 138,013	\$ 465,368

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT - Continued

Debt Repayment Schedules:

	Fiscal Year April 30	Principal	Interest	Total Payments
Installment Loan	2021	\$ 26,309	\$ 325	\$ 26,634
Bull Run Creek Property		<u>\$ 26,309</u>	<u>\$ 325</u>	<u>\$ 26,634</u>
Total				
Installment Loan	2021	\$ 3,616	\$ 242	\$ 3,858
DeKalb County Sheriff	2022	4,446	133	4,579
Total		<u>\$ 8,062</u>	<u>\$ 375</u>	<u>\$ 8,437</u>
Installment Loan	2021	\$ 15,112	\$ 2,378	\$ 17,490
Public Works Trucks	2022	15,674	1,815	17,489
	2023	16,257	1,232	17,489
	2024	16,855	634	17,489
Total		<u>\$ 63,898</u>	<u>\$ 6,059</u>	<u>\$ 69,957</u>
IEPA Loan	2021	\$ 16,376	\$ 4,284	\$ 20,660
Bull Creek Construction	2022	16,570	4,090	20,660
	2023	16,766	3,894	20,660
	2024	16,965	3,695	20,660
	2025	17,165	3,495	20,660
	2026-2030	88,922	14,378	103,300
	2031-2035	94,310	8,990	103,300
	2036-2040	100,025	3,275	103,300
Total		<u>\$ 367,099</u>	<u>\$ 46,101</u>	<u>\$ 413,200</u>

Debt Limitation

The Village is subject to a debt limitation of 8.625% of its assessed valuation of \$26,799,373. As of April 30, 2020, the Village had a debt limit of \$2,311,446, but no general obligation outstanding debt.

Authorized Debt Not Yet Issued

On December 26, 2018 the Illinois Environmental Protection Agency (IEPA) authorized a loan in the amount of \$934,698 to be used for engineering and construction costs related the Bull Run Creek Project. As of April 30, 2020 \$452,822 had been drawn on the loan. The project is in process and the Village expects additional amounts to be drawn against this loan.

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERNAL ACCOUNTS

Interfund Balances

Loans between funds as of April 30, 2020 consist of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 18,906	\$ -
MFT Fund	-	12,807
Tax Incremental Financing Fund	-	6,099
Totals	<u>\$ 18,906</u>	<u>\$ 18,906</u>

The interfund balances were due to unreimbursed payments out of the general fund. All interfund balances will be repaid within one year.

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 an agent 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.

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, 2020

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, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	6
Active employees	6
Total	<u>18</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 2019 was 5.36%. For the fiscal year ended April 30, 2020, the Village contributed \$18,392 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, 2020

NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

Net Pension Liability – The employer's Net Pension Liability was measured as of December 31, 2019, 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, 2019:

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

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

The **Inflation rate** used was 2.50%.

Salary Increases were expected to be 3.35% to 14.25%, including inflation.

The **Investment Rate of Return** was assumed to be 7.25%.

Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

The IMRF-specific rates for **Mortality** (for non-disabled retirees) were based on an IMRF specific mortality table used with the fully generational projection scale MP-2017 (base year 2015). For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Single Discount Rate – A single discount Rate of 7.25% 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).

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2019	\$ 1,286,038	\$ 1,233,139	\$ 52,899
Service Costs	31,003	-	31,003
Interest On Total Pension Liability	92,588	-	92,588
Difference Between Expected and Actual Experience	45,486	-	45,486
Changes In Assumptions	-	-	-
Employer Contributions	-	17,633	(17,633)
Employee Contributions	-	14,804	(14,804)
Net Investment Income	-	225,955	(225,955)
Benefit Payments, Net of Refunds	(48,931)	(48,931)	-
Other Changes	-	3,967	(3,967)
Net Changes	120,146	213,428	(93,282)
Balances As Of December 31, 2019	\$ 1,406,184	\$ 1,446,567	\$ (40,383)

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 7.25 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 (6.25 Percent) or 1 percentage point higher (8.25 percent) than the current year:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 122,249	\$ (40,383)	\$ (174,923)

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

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.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended April 30, 2020, the Village recognized a pension expense of \$18,329. At April 30, 2020 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 Inflows of Resources
Difference Between Expected and Actual Experience	\$ 30,208	\$ 45,565	\$ (15,357)
Changes In Assumptions	6,729	12,482	(5,753)
Net Difference Between Projected and Actual Earnings	98,519	153,188	(54,669)
Employer Contributions Subsequent to the Measurement Date	6,656	-	6,656
Total	<u>\$ 142,112</u>	<u>\$ 211,235</u>	<u>\$ (69,123)</u>

The Village reported \$6,656 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (25,495)
2022	(27,859)
2023	4,978
2024	(27,403)
2025	-
Thereafter	-
Total	<u>\$ (75,779)</u>

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

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.

POSTEMPLOYMENT BENEFITS

The Village has evaluated its potential other postemployment benefits liability. The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additionally, the Village has no former employees for which the Village was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of April 30, 2020.

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 5 – OTHER INFORMATION - Continued

TORT INSURANCE EXPENDITURES

The Village allocated the total amount of the tort insurance levy of \$19,323 received in the year ended April 30, 2020 towards tort insurance expenditures for the year, resulting in no restricted balances for tort as of April 30, 2020.

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 and management 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.

NOTE 6 – SUBSEQUENT EVENTS

The Village has evaluated subsequent events through the date of this report and determined that there was a subsequent event that requires disclosure in this report. On October 19, 2020 the Village obtained a \$120,000 loan from Resource Bank to refinance the Public Works Truck Loan discussed in Note 3 and to purchase two new police vehicles. The Public Works Truck Loan balance was \$66,178 and the remaining \$53,822 was used for the purchase of two new police vehicles. The loan is due in 47 monthly payments of \$2,658 and a final payment for the remaining balance due on October 19, 2024. The loan has an interest rate of 3.00%.

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, 2020
(with comparative actual for 2019)

	2020			2019
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes	\$ 484,500	\$ 484,500	\$ 514,506	\$ 504,103
Licenses and Permits	19,800	19,800	22,980	18,687
Intergovernmental Revenue	221,200	221,200	282,932	237,421
Service Charges	209,600	209,600	199,135	164,487
Fines and Forfeits	25,000	25,000	22,327	21,758
Investment Income	10,500	10,500	14,365	12,531
Miscellaneous	12,350	12,350	34,996	21,228
Total Revenues	982,950	982,950	1,091,241	980,215
EXPENDITURES				
Current				
General Government	126,805	126,805	161,701	159,741
Public Safety	314,820	314,820	313,778	271,541
Highways and Streets	269,850	269,850	227,669	371,651
Sanitation	175,880	175,880	175,196	180,929
Capital Outlay	602,300	602,300	500,328	151,176
Debt Service	72,600	72,600	56,882	39,393
Total Expenditures	1,562,255	1,562,255	1,435,554	1,174,431
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(579,305)	(579,305)	(344,313)	(194,216)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In (Out)	-	-	-	(17,045)
Sale of capital assets	-	-	-	5,073
Loan Proceeds	546,800	546,800	452,822	78,468
Total Other Financing Sources (Uses)	546,800	546,800	452,822	66,496
NET CHANGE IN FUND BALANCE	\$ (32,505)	\$ (32,505)	108,509	(127,720)
FUND BALANCE, MAY 1			414,155	541,875
FUND BALANCE, APRIL 30			\$ 522,664	\$ 414,155

(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, 2020
(with comparative actual for 2019)

	2020			2019
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Intergovernmental Revenues				
MFT Allocation	\$ 45,000	\$ 45,000	\$ 64,356	\$ 44,271
Investment Income	3,000	3,000	4,349	3,951
Total Revenues	48,000	48,000	68,705	48,222
EXPENDITURES				
Highways and Streets				
Street Salt	22,500	22,500	26,894	14,466
Street Repairs & Improvements	20,800	20,800	11,192	13,683
Miscellaneous	-	-	22	-
Engineering	2,500	2,500	1,540	2,809
Total Expenditures	45,800	45,800	39,648	30,958
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,200	2,200	29,057	17,264
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In (Out)	-	-	-	17,045
Total Other Financing Sources (Uses)	-	-	-	17,045
NET CHANGE IN FUND BALANCE	\$ 2,200	\$ 2,200	29,057	34,309
FUND BALANCE, MAY 1			238,902	204,593
FUND BALANCE, APRIL 30			\$ 267,959	\$ 238,902

(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, 2020
(with comparative actual for 2019)

	Original Budget	2020 Final Budget	Actual	2019 Actual
REVENUES				
Taxes				
TIF Property Taxes	\$ 295,000	\$ 295,000	\$ 301,371	\$ 289,384
Miscellaneous				
Investment Income	250	250	203	168
Other Income	-	-	-	-
Total Revenues	295,250	295,250	301,574	289,552
EXPENDITURES				
Current				
General Government	427,600	427,600	124,775	213,394
Public Safety	-	-	-	-
Highways and Streets	1,300	1,300	27,204	1,053
Capital Outlay	204,000	204,000	218,891	75,000
Total Expenditures	632,900	632,900	370,870	289,447
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(337,650)	(337,650)	(69,296)	105
OTHER FINANCING SOURCES (USES)				
Transfers (Out)				
Transfer To Water & Sewer Fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ (337,650)	\$ (337,650)	(69,296)	105
FUND BALANCE, MAY 1			224,566	224,461
FUND BALANCE, APRIL 30			\$ 155,270	\$ 224,566

(See Notes to Required Supplementary Information.)

VILLAGE OF KIRKLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
MULTIYEAR SCHEDULE OF CONTRIBUTIONS

LAST 10 FISCAL 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
2020	\$ 18,392	\$ 18,392	\$ -	\$ 324,112	5.67%
2019	22,062	22,062	-	288,435	7.65%
2018	26,124	26,124	-	256,621	10.18%
2017	35,766	35,766	-	337,430	10.60%
2016	46,630	46,630	-	389,019	11.99%
2015	-	-	-	-	-
2014	-	-	-	-	-
2013	-	-	-	-	-
2012	-	-	-	-	-
2011	-	-	-	-	-

(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 2019 CONTRIBUTION RATE (1)

April 30, 2020

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 2019 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): 24-year closed 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 20 years for most employers (three employers were financed over 28 year and four others were financed over 29 years).
Asset Valuation Method	5-year smoothed market; 20% corridor.
Wage Growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25% 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 2017 valuation pursuant to an experience study of the period 2014 - 2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjusts to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Morality 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, 2017 actuarial valuation.

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,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Pension Liability:										
Service Cost	\$ 31,003	\$ 27,710	\$ 42,317	\$ 46,558	\$ 46,695	\$ 42,777				
Interest On The Total Pension Liability	92,588	87,755	92,035	93,590	93,859	83,386				
Benefit Changes	-	-	-	-	-	-				
Difference Between Expected and Actual Experience	45,486	10,476	(100,703)	(105,993)	(81,618)	22,254				
Assumption Changes	-	32,737	(32,147)	(6,749)	1,729	42,747				
Benefit Payments and Refunds	(48,931)	(57,704)	(44,822)	(60,613)	(64,422)	(38,430)				
Net Change In Total Pension Liability	120,146	100,974	(43,320)	(33,207)	(3,757)	152,734				
Total Pension Liability - Beginning	1,286,038	1,185,064	1,228,384	1,261,591	1,265,348	1,112,614				
Total Pension Liability - Ending (a)	\$ 1,406,184	\$ 1,286,038	\$ 1,185,064	\$ 1,228,384	\$ 1,261,591	\$ 1,265,348				
Plan Fiduciary Net Position:										
Employer Contributions	\$ 17,633	\$ 23,548	\$ 31,178	\$ 43,223	\$ 47,301	\$ 45,480				
Employee Contributions	14,804	11,696	13,064	16,074	17,348	17,271				
Pension Plan Net Investment Income	225,955	(64,424)	192,534	71,743	5,305	60,109				
Benefit Payments and Refunds	(48,931)	(57,704)	(44,822)	(60,613)	(64,422)	(38,430)				
Other	3,967	18,147	(9,498)	(327)	(17,117)	3,247				
Net Change In Plan Fiduciary Net Position	213,428	(68,737)	182,456	70,100	(11,585)	87,677				
Plan Fiduciary Net Position - Beginning	1,233,139	1,301,876	1,119,420	1,049,320	1,060,905	973,228				
Plan Fiduciary Net Position - Ending (b)	\$ 1,446,567	\$ 1,233,139	\$ 1,301,876	\$ 1,119,420	\$ 1,049,320	\$ 1,060,905				
Net Pension Liability(Asset) - Ending (a)-(b)	(40,383)	52,899	(116,812)	108,964	212,271	204,443				
Plan Fiduciary Net Position As A Percentage Of Total Pension Liability	102.87%	95.89%	109.86%	91.13%	83.17%	83.84%				
Covered Valuation Payroll	\$ 328,975	\$ 259,912	\$ 290,304	\$ 357,208	\$ 385,509	\$ 383,800				
Net Pension Liability As A Percentage Of Covered Valuation Payroll	-12.28%	20.35%	-40.24%	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, 2020

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.

SUPPLEMENTARY INFORMATION

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2020
(with comparative actual for 2019)

	2020			2019
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes				
Property	\$ 207,700	\$ 207,700	\$ 207,486	\$ 203,569
Road and Bridge	6,800	6,800	6,831	7,392
Utility	95,000	95,000	95,039	100,242
Sales	175,000	175,000	205,150	192,900
Total Taxes	484,500	484,500	514,506	504,103
Licenses and Permits				
Liquor Licenses	6,400	6,400	6,692	5,183
Other Licenses	450	450	450	675
Building Permits	8,000	8,000	12,988	9,829
Golf Cart Permits	750	750	750	600
Cable TV Franchise	4,200	4,200	2,100	2,400
Total Licenses and Permits	19,800	19,800	22,980	18,687
Intergovernmental Revenue				
State Shared Taxes				
State Income Tax	160,000	160,000	189,022	169,323
State Use Tax	45,000	45,000	70,028	53,023
Personal Property Replacement Tax	3,000	3,000	3,276	2,993
Video Gaming Tax	13,200	13,200	20,238	12,082
Cannabis Tax	-	-	368	-
Total Intergovernmental Revenue	221,200	221,200	282,932	237,421
Service Charges				
Garbage Fees	176,600	176,600	167,978	164,487
Utility Billing for Bull Run Creek IEPA Loan	33,000	33,000	31,157	-
Total Service Charges	209,600	209,600	199,135	164,487
Fines and Forfeits				
Ordinance Fines	25,000	25,000	22,327	21,758
Total Fines and Forfeits	25,000	25,000	22,327	21,758

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

GENERAL FUND

For the Year Ended April 30, 2020
(with comparative actual for 2019)

	2020			2019 Actual
	Original Budget	Final Budget	Actual	
REVENUES (Continued)				
Investment Income	\$ 10,500	\$ 10,500	\$ 14,365	\$ 12,531
Miscellaneous				
Miscellaneous Income	5,050	5,050	16,387	7,328
Tower Rental	4,800	4,800	6,524	2,400
Copies/Fax Charges	500	500	2,085	-
Donation Income	2,000	2,000	10,000	11,500
Total Miscellaneous	12,350	12,350	34,996	21,228
TOTAL GENERAL FUND REVENUES	\$ 982,950	\$ 982,950	\$ 1,091,241	\$ 980,215

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2020
(with comparative actual for 2019)

	2020			2019
	Original Budget	Final Budget	Actual	Actual
GENERAL GOVERNMENT				
Administration and Finance				
Salaries & Benefits				
Salaries - Board Members	\$ 13,760	\$ 13,760	\$ 12,260	\$ 13,520
Liquor Commissioner Salary	500	500	500	500
Salaries - Village Finance	25,400	25,400	27,138	20,013
Payroll Taxes	2,640	2,640	3,030	2,048
IMRF Pension	1,525	1,525	2,905	3,766
Life Insurance	150	150	89	89
Health Insurance	6,000	6,000	4,828	4,398
Employee Appreciation	100	100	89	50
Total Salaries and Benefits	50,075	50,075	50,839	44,384
Contractual Services				
Repairs & Maint - Equipment	750	750	4,844	1,198
Maintenance/Cleaning	750	750	1,482	837
Legal Expense	18,000	18,000	36,699	28,233
Treasurer/Accounting Expense	9,000	9,000	9,021	8,533
Audit Expense	9,400	9,400	9,300	9,300
Permit Inspections - ICCI	7,500	7,500	12,195	6,046
Engineering Expense	500	500	1,030	448
Codification	2,500	2,500	3,239	174
IML/Training	3,000	3,000	1,193	602
Utilities	1,000	1,000	127	-
Telephone	2,000	2,000	1,656	1,909
Telephone Notification System	1,000	1,000	1,250	995
Internet Service	-	-	-	466
E Worldlinx Web	1,200	1,200	1,280	1,280
Insurance & Bonds	9,800	9,800	9,904	34,384
Postage	500	500	459	458
Printing & Publishing	750	750	1,085	559
Billing software	330	330	2,014	1,723
Dues & Subscriptions	2,000	2,000	5,105	2,737
Total Contractual Services	69,980	69,980	101,883	99,882
Materials & Supplies				
Tools/Equipment	750	750	1,178	913
Office Supplies	1,500	1,500	1,619	1,139
New Equipment	-	-	-	-
Total Materials and Supplies	2,250	2,250	2,797	2,052

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2020
(with comparative actual for 2019)

	2020			2019
	Original Budget	Final Budget	Actual	Actual
GENERAL GOVERNMENT (Continued)				
Administration and Finance (Continued)				
Miscellaneous				
Sales Tax Reimbursement	\$ -	\$ -	\$ -	\$ -
Economic Development	250	250	-	5,000
Revenue Audit Reimbursement	250	250	-	152
Donations/Grant Expense	3,000	3,000	2,850	6,911
Contingency	1,000	1,000	3,332	1,360
Total Miscellaneous	4,500	4,500	6,182	13,423
Total Administration and Finance	126,805	126,805	161,701	159,741
Impact Fee Account				
Miscellaneous				
Street Improvements	-	-	-	-
Total Impact Fee Account	-	-	-	-
Total General Government	126,805	126,805	161,701	159,741
PUBLIC SAFETY				
Police Department				
Salaries & Benefits				
Police F/T Salaries	106,700	106,700	107,779	97,274
Police P/T Salaries	77,000	77,000	63,818	69,516
Police Special Activity Pay	-	-	-	-
Police Salaries - Back Pay	-	-	-	851
Police Overtime	2,500	2,500	8,120	2,415
Police Holiday Pay	-	-	6,925	4,844
Employee Appreciation	200	200	120	100
Payroll Taxes	12,100	12,100	14,393	10,713
IMRF Pension	6,400	6,400	6,804	7,949
Life Insurance	540	540	534	512
Health Insurance	14,000	14,000	13,362	11,341
Total Salaries and Benefits	219,440	219,440	221,855	205,515
Contractual Services				
Repairs & Maint - Equipment	6,500	6,500	18,921	5,434
Building Maintenance	250	250	31	-
Legal Expense	4,000	4,000	-	-
Adjudication	6,000	6,000	3,644	5,961
Dues & Training	12,000	12,000	6,924	6,327
Telephone	4,500	4,500	4,701	4,040
Internet Service	-	-	-	367
Insurance	9,800	9,800	9,804	-
Postage	250	250	346	247

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2020
(with comparative actual for 2019)

	2020			2019
	Original Budget	Final Budget	Actual	Actual
PUBLIC SAFETY (Continued)				
Police Department (Continued)				
Printing & Publishing	\$ 500	\$ 500	\$ 381	\$ 514
Donations/Grant Expense	500	500	-	1,500
Alerts/PSAN/IPIPS	6,400	6,400	6,327	6,288
911 Dispatch Fee	16,350	16,350	16,350	15,700
Total Contractual Services	67,050	67,050	67,429	46,378
Materials and Supplies				
Police Supplies	-	-	-	-
Police Materials	-	-	-	-
DARE Supplies	1,000	1,000	120	1,336
Billing Software	330	330	1,107	1,617
Office Supplies	4,500	4,500	4,326	3,714
Police Tools and Equipment	4,500	4,500	2,817	3,334
Automotive Fuel	8,000	8,000	8,144	7,859
Uniforms	8,000	8,000	4,973	1,235
Total Materials and Supplies	26,330	26,330	21,487	19,095
Miscellaneous				
Other Expenditures	1,500	1,500	3,007	553
Equipment leasing	500	500	-	-
Total Miscellaneous	2,000	2,000	3,007	553
Capital Outlay				
Vehicles	-	-	-	-
Equipment	-	-	-	-
Total Capital Outlay	-	-	-	-
Total Public Safety	314,820	314,820	313,778	271,541
HIGHWAYS AND STREETS				
Street Department				
Salaries & Benefits				
Streets F/T Salaries	78,200	78,200	76,049	58,041
Streets P/T Salaries	58,600	58,600	38,568	39,566
Streets Seasonal	-	-	3,128	3,960
Streets Overtime	2,500	2,500	8,265	6,998
Employee Appreciation	100	100	100	50
Payroll Taxes	10,300	10,300	9,573	6,537
IMRF Pension	4,700	4,700	2,617	1,948
Life Insurance	520	520	356	222

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2020
(with comparative actual for 2019)

	2020		2019	
	Original Budget	Final Budget	Actual	Actual
HIGHWAYS AND STREETS (Continued)				
Street Department (Continued)				
Health Insurance	\$ 18,000	\$ 18,000	\$ 11,921	\$ 3,234
Total Salaries and Benefits	172,920	172,920	150,577	120,556
Contractual Services				
Repairs & Maint - Equipment	18,000	18,000	13,815	15,457
Repairs & Maint - Weather Siren	1,200	1,200	1,170	1,170
Repairs & Maint - Streets	1,500	1,500	1,331	179,902
Engineering	5,000	5,000	8,898	-
Repairs - Street Lights	500	500	377	-
Forestry Maintenance	12,000	12,000	4,242	11,163
Building Maintenance	1,000	1,000	456	187
Dues & Training	1,750	1,750	275	395
Telephone	1,800	1,800	1,204	351
Internet Service	250	250	-	189
Insurance	9,800	9,800	9,804	-
Postage	250	250	144	84
Printing & Publishing	500	500	343	476
Sidewalk Construction	10,000	10,000	9,552	10,624
Donation/Grant Expense	250	250	-	-
Electric - Street Lights	9,000	9,000	12,414	11,047
Total Contractual Services	72,800	72,800	64,025	231,045
Materials and Supplies				
Tools/Equipment	2,750	2,750	3,127	1,475
Software	330	330	1,129	1,659
Street Decorations	300	300	204	385
Office Supplies	250	250	327	181
Automotive Fuel	8,000	8,000	5,433	7,949
Uniforms	3,000	3,000	1,055	308
Mosquito Abatement	3,000	3,000	-	4,390
Total Materials and Supplies	17,630	17,630	11,275	16,347
Miscellaneous				
Pioneer Park Improvements	1,000	1,000	891	-
Bull Run Creek IDNR Improvements	-	-	-	-
Equipment Rental	5,000	5,000	747	3,381
Contingency	500	500	154	322
Total Miscellaneous	6,500	6,500	1,792	3,703

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2020
(with comparative actual for 2019)

	2020			2019
	Original Budget	Final Budget	Actual	Actual
HIGHWAYS AND STREETS (Continued)				
Street Department (Continued)				
Capital Outlay				
Equipment	\$ -	\$ -	\$ -	\$ -
Total Capital Outlay	-	-	-	-
Total Street Department	269,850	269,850	227,669	371,651
Total Highways and Streets	269,850	269,850	227,669	371,651
SANITATION				
Contractual Services				
Postage	750	750	762	-
Printing	500	500	332	-
Billing Software	330	330	1,757	2,147
Garbage Collection	174,300	174,300	172,345	178,782
Total Sanitation	175,880	175,880	175,196	180,929
CAPITAL OUTLAY				
Bull Run Creek Improvements	546,800	546,800	488,626	16,997
Police Vehicles and Equipment	13,500	13,500	-	-
Street Vehicles and Equipment	42,000	42,000	11,702	134,179
Total Capital Outlay	602,300	602,300	500,328	151,176
DEBT SERVICE				
Bull Run Creek Property Loan	68,600	68,600	35,535	35,535
Streets Equipment Loan	-	-	17,489	-
Police Equipment Loan	4,000	4,000	3,858	3,858
Total Debt Service	72,600	72,600	56,882	39,393
TOTAL EXPENDITURES	\$ 1,562,255	\$ 1,562,255	\$ 1,435,554	\$ 1,174,431

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

TAX INCREMENTAL FINANCING FUND

For the Year Ended April 30, 2020
(with comparative actual for 2019)

	Original Budget	2020 Final Budget	Actual	2019 Actual
GENERAL GOVERNMENT				
Business District Improvements	\$ 5,000	\$ 5,000	\$ 4,960	\$ -
Miscellaneous Expense	5,000	5,000	845	2,970
Kirkland Community Center	300,000	300,000	17,220	24,300
School District 426 Safety Projects	75,000	75,000	75,000	107,875
Library Repairs	-	-	-	4,000
Sidewalk and Concrete Work	9,500	9,500	-	28,601
LED Street Lighting	-	-	-	8,496
Village Hall Improvements	5,000	5,000	3,275	5,942
Private Property Improvements	23,100	23,100	23,475	31,210
PA Speakers	5,000	5,000	-	-
Total General Government	427,600	427,600	124,775	213,394
PUBLIC SAFETY				
TIF District - Police Services	-	-	-	-
Total Public Safety	-	-	-	-
HIGHWAYS AND STREETS				
Repairs & Maintenance	1,300	1,300	27,204	1,053
Total Highway and Streets	1,300	1,300	27,204	1,053
CAPITAL OUTLAY				
General Capital Assets				
Infrastructure	204,000	204,000	218,891	75,000
Total General Capital Assets	204,000	204,000	218,891	75,000
Proprietary Funds Capital Assets				
Treatment Plant Roof	-	-	-	-
Proprietary Funds Capital Outlay Reclassified	-	-	-	-
Total Capital Outlay	204,000	204,000	218,891	75,000
TOTAL EXPENDITURES BEFORE TRANSFERS	632,900	632,900	370,870	289,447
TRANSFERS				
Transfer To Water & Sewer Fund	-	-	-	-
Total Transfers	-	-	-	-
TOTAL EXPENDITURES AND TRANSFERS	\$ 632,900	\$ 632,900	\$ 370,870	\$ 289,447

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, 2020
(with comparative actual for 2019)

	Original Budget	2020 Final Budget	Actual	2019 Actual
REVENUES				
Intergovernmental Revenues				
Grants and Donations	\$ 250,000	\$ 250,000	\$ -	\$ -
Total Revenues	250,000	250,000	-	-
EXPENDITURES				
Capital Outlay				
Community Center	550,000	550,000		
Total Expenditures	550,000	550,000	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(300,000)	(300,000)	-	-
OTHER FINANCING SOURCES (USES)				
Transfer from the TIF Fund	300,000	300,000		
Total Other Financing Sources (Uses)	300,000	300,000	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	-
FUND BALANCE, MAY 1			-	-
FUND BALANCE, APRIL 30			\$ -	\$ -

VILLAGE OF KIRKLAND, ILLINOIS
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUND - WATER AND SEWER FUND BY SUBACCOUNT

April 30, 2020

	Water & Sewer Operating Account	Water Improvement Account	Sewer Improvement Account	2020 Total
ASSETS				
Current Assets				
Cash and Investments	\$ 95,286	\$ 258,030	\$ 117,100	\$ 470,416
Water and Sewer Accounts Receivable	59,051	-	-	59,051
Due From Other Funds	-	-	-	-
Proprietary Fund - Internal Accounts	-	-	-	-
Total Current Assets	154,337	258,030	117,100	529,467
Non-Current Assets				
Net Pension Asset	20,855	-	-	20,855
Capital Assets				
Net Of Accumulated Depreciation	1,368,226	-	-	1,368,226
Total Non-Current Assets	1,389,081	-	-	1,389,081
Total Assets	1,543,418	258,030	117,100	1,918,548
DEFERRED OUTFLOWS				
Pension Related	73,392	-	-	73,392
LIABILITIES				
Current Liabilities				
Accounts Payable	60,224	-	-	60,224
Accrued Payroll	5,554	-	-	5,554
Due To Other Funds	-	-	-	-
Total Current Liabilities	65,778	-	-	65,778
Non-Current Liabilities				
Net Pension Liability	-	-	-	-
Total Liabilities	65,778	-	-	65,778
DEFERRED INFLOWS OF RESOURCES				
Pension Related	109,090	-	-	109,090
NET POSITION				
Net Investment In Capital Assets	1,368,226	-	-	1,368,226
Unrestricted	73,716	258,030	117,100	448,846
Total Net Position	\$ 1,441,942	\$ 258,030	\$ 117,100	\$ 1,817,072

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, 2020

	Water & Sewer Operating Account	Water Improvement Account	Sewer Improvement Account	2020 Total
OPERATING REVENUES				
Charges for Services	\$ 350,195	\$ 100,000	\$ -	\$ 450,195
Water and Sewer Charges	-	-	-	-
Miscellaneous Income	-	-	-	-
Total Operating Revenues	350,195	100,000	-	450,195
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Water & Sewer Operations	364,987	33,528	21,791	420,306
Total Operating Expenses Excluding Depreciation	364,987	33,528	21,791	420,306
OPERATING INCOME (EXPENSES) BEFORE DEPRECIATION	(14,792)	66,472	(21,791)	29,889
DEPRECIATION	87,212	-	-	87,212
OPERATING INCOME (LOSS)	(102,004)	66,472	(21,791)	(57,323)
NON-OPERATING REVENUES				
Investment Income	-	-	-	-
Total Non-Operating Revenues (Expenses)	-	-	-	-
INCOME BEFORE TRANSFERS	(102,004)	66,472	(21,791)	(57,323)
TRANSFERS				
Transfers From (To) Other Funds Or Subaccounts				
Sewer Improvement Subaccount	3,247	-	(3,247)	-
Water Improvement Subaccount	(14,937)	14,937	-	-
Total Transfers	(11,690)	14,937	(3,247)	-
CHANGE IN NET POSITION	(113,694)	81,409	(25,038)	(57,323)
NET POSITION, MAY 1,	1,555,636	176,621	142,138	1,874,395
NET POSITION, APRIL 30	\$ 1,441,942	\$ 258,030	\$ 117,100	\$1,817,072

VILLAGE OF KIRKLAND, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND - WATER AND SEWER FUND BY SUBACCOUNT

For the Year Ended April 30, 2020

	Water & Sewer Operating Account	Water Improvement Account	Sewer Improvement Account	2020 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Customers	\$ 351,056	\$ 100,000	\$ -	\$ 451,056
Payments To Suppliers	(78,688)	(33,528)	(21,791)	(134,007)
Payments To Employees	(235,153)	-	-	(235,153)
Net Cash From Operating Activities	37,215	66,472	(21,791)	81,896
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(28,786)	-	-	(28,786)
Transfer From Tax Incremental Financing Fund	-	-	-	-
Other Funds Due To/From	-	-	-	-
Proprietary Fund Interaccount Due To/Due From	-	-	-	-
Proprietary Fund Interaccount Transfers	(11,690)	14,937	(3,247)	-
Net Cash From Capital and Related Financing Activities	(40,476)	14,937	(3,247)	(28,786)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	-	-	-	-
Net Cash From Investing Activities	-	-	-	-
NET INCREASE IN CASH	(3,261)	81,409	(25,038)	53,110
CASH, MAY 1	98,547	176,621	142,138	417,306
CASH, APRIL 30	<u>\$ 95,286</u>	<u>\$ 258,030</u>	<u>\$ 117,100</u>	<u>\$ 470,416</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (102,004)	\$ 66,472	\$ (21,791)	\$ (57,323)
Depreciation	87,212	-	-	87,212
Adjustments To Reconcile Operating Income (Loss) To Net Cash From Operating Activities				
Accounts Receivable	861	-	-	861
Accounts Payable	55,967	-	-	55,967
Accrued Payroll	2,340	-	-	2,340
Pension Expense	(7,161)	-	-	(7,161)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 37,215</u>	<u>\$ 66,472</u>	<u>\$ (21,791)</u>	<u>\$ 81,896</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, 2020
(with comparative actual for 2019)

	2020		2019
	Original Budget	Final Budget	Actual
			Actual
OPERATING REVENUES			
Charges For Services			
Water and Sewer Charges	\$ 386,500	\$ 386,500	\$ 349,794
Miscellaneous			
Reimbursements	2,000	2,000	401
			739
Total Operating Revenues	388,500	388,500	350,195
			341,647
OPERATING EXPENSES			
EXCLUDING DEPRECIATION			
Water & Sewer Operating Expenses	364,000	364,000	364,987
			340,480
Total Operating Expenses			
Excluding Depreciation	364,000	364,000	364,987
			340,480
OPERATING INCOME (EXPENSES)			
EXCLUDING DEPRECIATION	24,500	24,500	(14,792)
			1,167
DEPRECIATION	-	-	87,212
			85,766
OPERATING INCOME (LOSS)	24,500	24,500	(102,004)
			(84,599)
NONOPERATING INCOME (EXPENSE)			
Investment Income	-	-	-
			193
Transfers From (To) Other Funds Or Subaccounts			
From Tax Incremental Financing Fund	-	-	-
			-
From Water Improvement Subaccount	-	-	-
			35,205
(To) From Sewer Improvement Subaccount	(12,000)	(12,000)	3,247
			26,946
(To) From Water Improvement Subaccount	(12,000)	(12,000)	(14,937)
			-
Total Transfers	(24,000)	(24,000)	(11,690)
			62,344
CHANGE IN NET POSITION	\$ 500	\$ 500	(113,694)
			(22,255)
NET POSITION, MAY 1,			1,555,636
			1,577,891
NET POSITION, APRIL 30			\$ 1,441,942
			\$ 1,555,636

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, 2020
(with comparative actual for 2019)

	Original Budget	2020 Final Budget	Actual	2019 Actual
OPERATING EXPENSES				
Salaries & Benefits				
Water & Sewer F/T Salaries	\$ 103,600	\$ 103,600	\$ 114,388	\$ 104,972
Water & Sewer P/T Maintenance	47,300	47,300	57,304	37,291
Water & Sewer Overtime	3,000	3,000	965	1,372
Payroll Taxes	10,600	10,600	13,089	8,662
Employee Appreciation	200	200	90	100
IMRF Pension	6,200	6,200	13,164	8,752
Pension Expense	-	-	(7,161)	(2,830)
Life Insurance	550	550	771	624
Health Insurance	24,000	24,000	37,722	35,937
Total Salaries & Benefits	195,450	195,450	230,332	194,880
Contractual Services				
Repairs & Maint - Water	21,750	21,750	7,685	6,186
Repairs & Maint - Sewer	8,300	8,300	1,241	6,340
Meter Repair	2,500	2,500	1,929	15,668
Repairs & Maint - Treatment	6,500	6,500	4,327	1,997
Building Maintenance & Cleaning	5,750	5,750	254	480
Engineering	5,000	5,000	9,693	-
Dues & Training	2,650	2,650	1,317	1,265
Electric - Water	38,000	38,000	44,314	43,255
Heat - Sewer Plant	2,000	2,000	3,857	3,620
Telephone	3,000	3,000	1,669	2,636
Internet Expense	2,400	2,400	1,812	2,620
Property/Liability Insurance	19,600	19,600	20,696	15,853
Postage	2,500	2,500	1,324	1,692
Printing & Publishing	2,250	2,250	888	1,072
Testing - Water	6,400	6,400	5,788	6,444
Equipment Rental	1,000	1,000	9	8
JULIE	1,450	1,450	457	510
Total Contractual Services	131,050	131,050	107,260	109,646
Materials and Supplies				
Materials & Supplies	8,750	8,750	8,377	12,407
Materials & Supplies - Treatment	1,500	1,500	154	1,565
Lab Supplies	3,300	3,300	1,967	1,040
Water Billing Software	2,000	2,000	3,697	4,534
Office Supplies	600	600	316	516
Tools/Equip - Water	4,000	4,000	2,480	1,818
Tools/Equip - Treatment	3,500	3,500	494	1,956
Automotive Fuel	7,000	7,000	5,530	6,132
Uniforms	2,000	2,000	1,597	1,649
Total Materials and Supplies	32,650	32,650	24,612	31,617

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, 2020
(with comparative actual for 2019)

	Original Budget	2020 Final Budget	Actual	2019 Actual
OPERATING EXPENSES (Continued)				
Capital Outlay				
Equipment	\$ -	\$ -	\$ -	\$ -
Sewer - Lift Station Pump	-	-	-	-
Treatment - Equipment	-	-	-	-
Capital Outlay Capitalized	-	-	-	-
Total Capital Outlay	-	-	-	-
Miscellaneous Expense				
NPDES Permit	2,500	2,500	2,500	2,500
Lease - Property	600	600	-	175
Other Expense	1,750	1,750	283	1,662
Total Miscellaneous Expense	4,850	4,850	2,783	4,337
Total Water and Sewer Expenses Before Depreciation	364,000	364,000	364,987	340,480
Depreciation Expense	-	-	87,212	85,766
TOTAL OPERATING EXPENSES	364,000	364,000	452,199	426,246
TRANSFERS				
Transfer To Water Improvement Subaccount	-	-	-	-
Total Transfers	-	-	-	-
TOTAL OPERATING EXPENDITURES	\$ 364,000	\$ 364,000	\$ 452,199	\$ 426,246

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, 2020
(with comparative actual for 2019)

	2020			2019
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges For Services				
Water and Sewer Charges	\$ 100,500	\$ 100,500	\$ 100,000	\$ -
Miscellaneous Income	-	-	-	15,500
Total Operating Revenues	100,500	100,500	100,000	15,500
OPERATING EXPENSES				
Water Operations				
Water Meter Replacement	16,550	16,550	12,210	-
Water Main Improvements	91,200	91,200	16,068	38,055
Engineering	5,000	5,000	5,250	6,650
Water Capital Outlay Capitalized	-	-	-	(38,055)
Total Operating Expenses	112,750	112,750	33,528	6,650
OPERATING INCOME (LOSS)	(12,250)	(12,250)	66,472	8,850
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	-	-	-	-
Total Non-Operating Revenues (Expenses)	-	-	-	-
TRANSFERS				
Transfer From Water and Sewer Operating	12,000	12,000	14,937	-
Transfer (To) Water and Sewer Operating	-	-	-	(35,205)
Total Transfers	12,000	12,000	14,937	(35,205)
CHANGE IN NET POSITION	\$ (250)	\$ (250)	81,409	(26,355)
NET POSITION, MAY 1			176,621	202,976
NET POSITION, APRIL 30			\$ 258,030	\$ 176,621

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, 2020
(with comparative actual for 2019)

	2020			2019
	Original Budget	Final Budget	Actual	Actual
OPERATING REVENUES				
Charges for Services				
Water and Sewer Charges	\$ 500	\$ 500	\$ -	\$ -
Miscellaneous Income	-	-	-	15,500
Total Operating Revenues	500	500	-	15,500
OPERATING EXPENSES				
Sewer Operations				
Sewer Improvements	48,200	48,200	40,046	33,004
Sewer Improvements Capitalized	-	-	(18,255)	(27,725)
Total Sewer Operating Expenses	48,200	48,200	21,791	5,279
OPERATING INCOME	(47,700)	(47,700)	(21,791)	10,221
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	-	-	-	-
Total Non-Operating Revenues (Expenses)	-	-	-	-
TRANSFERS				
Transfer (To) Water and Sewer Operating	12,000	12,000	(3,247)	(26,946)
Total Transfers	12,000	12,000	(3,247)	(26,946)
CHANGE IN NET POSITION	\$ (35,700)	\$ (35,700)	(25,038)	(16,725)
NET POSITION, MAY 1			142,138	158,863
NET POSITION, APRIL 30			\$ 117,100	\$ 142,138

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF GENERAL CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

For the Year Ended April 30, 2020

	Capital Assets				Accumulated Depreciation				Net Capital Assets
	Balances May 1	Additions	Retirements	Balances April 30	Balances May 1	Provisions	Retirements	Balances April 30	
GENERAL GOVERNMENT									
Buildings and Improvements Equipment	\$ 739,234 21,628	\$ 78,827 -	\$ - -	\$ 818,061 21,628	\$ 192,240 9,725	\$ 14,809 2,163	\$ - -	\$ 207,049 11,888	\$ 611,012 9,740
Total General Government	760,862	78,827	-	839,689	201,965	16,972	-	218,937	620,752
PUBLIC SAFETY									
Equipment & Vehicles	140,338	-	-	140,338	89,047	16,552	-	105,599	34,739
Total Public Safety	140,338	-	-	140,338	89,047	16,552	-	105,599	34,739
HIGHWAYS AND STREETS									
Equipment & Vehicles	333,481	11,702	-	345,183	158,970	35,452	-	194,422	150,761
Buildings and Improvements	-	33,186	-	33,186	-	830	-	830	32,356
Pioneer Park Improvements	42,853	-	-	42,853	42,782	71	-	42,853	-
Infrastructure	1,948,456	603,362	-	2,551,818	512,514	68,543	-	581,057	1,970,761
Total Highways and Streets	2,324,790	648,250	-	2,973,040	714,266	104,896	-	819,162	2,153,878
TOTAL CAPITAL ASSETS	\$3,225,990	\$ 727,077	\$ -	\$3,953,067	\$1,005,278	\$ 138,420	\$ -	\$ 1,143,698	\$2,809,369
CAPITAL ASSETS SUMMARY									
Buildings and Improvements	\$ 739,234	\$ 112,013	\$ -	\$ 851,247	\$ 192,240	\$ 15,639	\$ -	\$ 207,879	\$ 643,368
Equipment	21,628	-	-	21,628	9,725	2,163	-	11,888	9,740
Equipment & Vehicles	473,819	11,702	-	485,521	248,017	52,004	-	300,021	185,500
Pioneer Park Improvements	42,853	-	-	42,853	42,782	71	-	42,853	-
Infrastructure	1,948,456	603,362	-	2,551,818	512,514	68,543	-	581,057	1,970,761
TOTAL CAPITAL ASSETS	\$3,225,990	\$ 727,077	\$ -	\$3,953,067	\$1,005,278	\$ 138,420	\$ -	\$ 1,143,698	\$2,809,369

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF WATER AND SEWER CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

For the Year Ended April 30, 2020

	Capital Assets				Accumulated Depreciation				Net Capital Assets
	Balances May 1	Additions	Retirements	Balances April 30	Balances May 1	Provisions	Retirements	Balances April 30	
EQUIPMENT									
Equipment	\$ 440,241	\$ 10,531	\$ -	\$ 450,772	\$ 185,959	\$ 16,321	\$ -	\$ 202,280	\$ 248,492
Total Equipment	440,241	10,531	-	450,772	185,959	16,321	-	202,280	248,492
VEHICLES									
Vehicles	131,180	-	-	131,180	54,843	4,925	-	59,768	71,412
Total Vehicles	131,180	-	-	131,180	54,843	4,925	-	59,768	71,412
DISTRIBUTION SYSTEM									
Water System	915,048	-	-	915,048	407,038	26,082	-	433,120	481,928
Sewer System	787,880	18,255	-	806,135	346,620	17,774	-	364,394	441,741
Sewer Treatment Plant	1,038,181	-	-	1,038,181	891,418	22,110	-	913,528	124,653
Total Water & Sewer System	2,741,109	18,255	-	2,759,364	1,645,076	65,966	-	1,711,042	1,048,322
TOTAL CAPITAL ASSETS	\$3,312,530	\$ 28,786	\$ -	\$3,341,316	\$1,885,878	\$ 87,212	\$ -	\$1,973,090	\$1,368,226
CAPITAL ASSETS SUMMARY									
Equipment	\$ 440,241	\$ 10,531	\$ -	\$ 450,772	\$ 185,959	\$ 16,321	\$ -	\$ 202,280	\$ 248,492
Vehicles	131,180	-	-	131,180	54,843	4,925	-	59,768	71,412
Water System	915,048	-	-	915,048	407,038	26,082	-	433,120	481,928
Sewer System	787,880	18,255	-	806,135	346,620	17,774	-	364,394	441,741
Sewer Treatment Plant	1,038,181	-	-	1,038,181	891,418	22,110	-	913,528	124,653
TOTAL CAPITAL ASSETS	\$3,312,530	\$ 28,786	\$ -	\$3,341,316	\$1,885,878	\$ 87,212	\$ -	\$1,973,090	\$1,368,226

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
2019	\$ 22,229,420	\$ 3,931,587	\$ 455,454	\$ 182,912	\$ 26,799,373	\$ 80,398,119	\$ 0.88810	\$ 238,005
2018	20,375,140	1,844,855	432,242	171,625	22,823,862	68,471,586	0.91002	207,702
2017	19,879,757	1,830,419	422,036	162,899	22,295,111	66,885,333	0.91240	203,421
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

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	2015	2016	2017	2018	2019
VILLAGE DIRECT RATES					
General Corporate	\$ 0.36098	\$ 0.34492	\$ 0.35605	\$ 0.38092	\$ 0.42492
Police Protection	0.48132	0.45991	0.44507	0.42327	0.37054
Audit	0.02407	0.02300	0.02226	0.02117	0.01853
Liability Insurance	0.09627	0.09199	0.08902	0.08466	0.07411
	<u>\$ 0.96264</u>	<u>\$ 0.91982</u>	<u>\$ 0.91240</u>	<u>\$ 0.91002</u>	<u>\$ 0.88810</u>
OVERLAPPING RATES					
Kishwaukee Community College No. 523	\$ 0.69723	\$ 0.66998	\$ 0.66690	\$ 0.66834	\$ 0.65277
County of DeKalb	1.23640	1.14289	1.12014	1.09507	1.07520
DeKalb County Forest Preserve District	0.08530	0.07990	0.07831	0.07656	0.07481
Franklin Cemetery	0.08019	0.07829	0.07741	0.07676	0.07288
Franklin Road and Bridge	0.47766	0.45815	0.44360	0.43304	0.39884
Franklin Township	0.26731	0.26098	0.25804	0.25589	0.24296
Franklin Twp Park District	0.09993	0.09756	0.09646	0.09566	0.09081
Franklin Fire District	0.52780	0.51037	0.50508	0.49603	0.67903
Kirkland Library	0.23607	0.22557	0.22375	0.22317	0.21779
Hiawatha School District 426	6.34142	6.44019	6.30968	6.35145	6.23258
Village of Kirkland	0.96264	0.91982	0.91240	0.91002	0.88810
TOTAL PROPERTY TAX RATE	<u>\$ 11.01195</u>	<u>\$ 10.88370</u>	<u>\$ 10.69177</u>	<u>\$ 10.68199</u>	<u>\$ 10.62577</u>

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	2015	2016	2017	2018	2019
ASSESSED VALUATION					
Kirkland TIF District	\$ 1,960,722	\$ 2,356,014	\$ 2,367,873	\$ 2,368,398	\$ -
PROPERTY TAX RATES					
Kishwaukee Community College No. 523	\$ 0.69723	\$ 0.66998	\$ 0.66690	\$ 0.66834	\$ 0.65277
County of DeKalb	1.23640	1.14289	1.12014	1.09507	1.07520
DeKalb County Forest Preserve District	0.08530	0.07990	0.07831	0.07656	0.07481
Franklin Cemetery	0.08019	0.07829	0.07741	0.07676	0.07288
Franklin Road and Bridge	0.47766	0.45815	0.44360	0.43304	0.39884
Franklin Township	0.26731	0.26098	0.25804	0.25589	0.24296
Franklin Twp Park District	0.09993	0.09756	0.09646	0.09566	0.09081
Kirkland Fire District	0.52780	0.51037	0.50508	0.49603	0.67903
Kirkland Library	0.23607	0.22557	0.22375	0.22317	0.21779
Hiawatha School District 426	6.34142	6.44019	6.30968	6.35145	6.23258
Village of Kirkland	0.96264	0.91982	0.91240	0.91002	0.88810
Total Property Tax Rate	\$ 11.01195	\$ 10.88370	\$ 10.69177	\$ 10.68199	\$ 10.62577
TIF DISTRICT TAX LEVIES					
Kishwaukee Community College No. 523	\$ 13,671	\$ 15,785	\$ 15,791	\$ 15,829	\$ -
County of DeKalb	24,242	26,927	26,523	25,936	-
DeKalb County Forest Preserve District	1,672	1,882	1,854	1,813	-
Franklin Cemetery	1,572	1,845	1,833	1,818	-
Franklin Road and Bridge	9,366	10,794	10,504	10,256	-
Franklin Township	5,241	6,149	6,110	6,060	-
Franklin Twp Park District	1,959	2,299	2,284	2,266	-
Franklin Fire District	10,349	12,024	11,960	11,748	-
Kirkland Library	4,629	5,314	5,298	5,286	-
Hiawatha School District 426	124,338	151,732	149,405	150,428	-
Village of Kirkland	18,875	21,671	21,604	21,553	-
Total TIF District Tax Levies	\$ 215,914	\$ 256,422	\$ 253,166	\$ 252,993	\$ -

Data Source

Office of the County Clerk

**Independent Auditor's Report on Compliance
With State of Illinois Public Act 85-1142**

To the Board of Trustees
Village of Kirkland, Illinois
Kirkland, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Kirkland, Illinois, (the "Village") as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 4, 2020. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited the Village's compliance with the provisions of subsection (q) of the Illinois Compiled Statutes 65 (ILCS) 5/11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended April 30, 2020. The management of the Village, is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

Our audit was made 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Village of Kirkland, Illinois complied, in all material respects, with the requirements of subsection (q) of the Illinois Compiled Statutes (ILCS) 5/11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended April 30, 2020.

Wipfli LLP

Rockford, Illinois
December 4, 2020

Village of Kirkland

Schedule of Findings and Responses For the Year Ended April 30, 2020

Financial Statement Findings

2020-001

Condition/Criteria - The Village has incomplete segregation of duties stemming from limited personnel. A good system of internal control involves segregation of duties so that no one individual can handle a transaction from its inception to its completion. Complete segregation of duties would require segregating responsibility for the initiation, approval and recording of all accounting transactions. While the Village's size may preclude complete segregation of duties, this situation should be understood.

Effects - Many of the accounting functions are performed by the same individual.

Cause - The Village has a limited number of staff to allow for adequate segregation of duties.

Recommendation - It does not appear to be economically feasible to hire additional personnel to help segregate the accounting functions. However, the Board's close supervision and review of accounting information appears to be the most economical and appropriate manner to help prevent and detect errors and irregularities in the Village's accounting and financial reporting.

Management response - The Village's management and Board of Trustees' close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the Village's accounting and financial reporting.

December 4, 2020

To the Board of Trustees
Village of Kirkland
Kirkland, IL

Dear Board of Trustees:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Kirkland (the "Village") for the year ended April 30, 2020, and have issued our report thereon dated December 4, 2020. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter dated April 20, 2020, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Village. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Required Supplementary Information Accompanying Audited Financial Statements

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and the schedules of employer's proportionate share of the net pension liability and employer contributions – IMRF, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Supplementary Information Accompanying Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to your representative, Bill Newkirk, in our meeting about planning matters, in addition to our engagement letter dated April 20, 2020, accepted by Ryan Block (Village President).

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period under audit.

We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. There were no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are the useful lives in calculating accumulated depreciation and the disclosure of pension plans as the plans are subject to actuarial methods and assumptions.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We proposed, and management recorded the adjusting journal entries. The attached listing of adjusting journal entries were noted by management, given to us during our audit fieldwork, and corrected by management.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2020, a copy of which accompanies this letter.

Management Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principal to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition to our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of the Village as of and for the year ended April 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies and material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

We consider the following deficiencies in internal control to be significant deficiencies:

Condition – General Ledger Segregation of Duties:

The size of the Village's staff in charge of accounting and reporting functions indicates a lack of segregation of duties over; general ledger accounting, expense transaction record keeping, revenue and cash receipt and disbursement transaction record keeping and monthly financial statement preparation. The basic premise is that no one individual should have access to both physical assets and related accounting records or to all phases of a transaction.

Potential Effect:

Without adequate segregation of duties, the likelihood of unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

We appreciate the opportunity to be of service to the Village of Kirkland.

This letter is intended solely for the information and use of management, the Board of Trustees, others within the Village and includes a description of the scope of our testing of internal control over financial reporting and the results of that testing of internal control over financial reporting and the results of that testing. The communication related to considering the District's internal control over financial reporting is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Enc.

Number	Date	Name	Account No	Reference Annotation	Debit	Credit	Recurrence	Misstatement
13	4/30/2020	Prepaid/Deposits	10-1600 GF		1,000.00			
13	4/30/2020	Equipment Purchase	12-6002 GF			1,000.00		
		Reclassify deposit on new squad cars to a prepaid						
14	4/30/2020	General Fund Accounts Payable	10-2100 GF			32,429.95		
14	4/30/2020	Liquor Commissioner Salary	11-5006 GF		500.00			
14	4/30/2020	Life Insurance	11-5050 GF		7.41			
14	4/30/2020	Health Insurance	11-5052 GF		373.68			
14	4/30/2020	Equipment Repair & Maintenance	11-5110 GF		87.99			
14	4/30/2020	Building Maintenance & Cleaning	11-5118 GF		1,130.54			
14	4/30/2020	Legal Expense	11-5120 GF		1,691.25			
14	4/30/2020	Permit Inspections -	11-5131 GF		775.00			
14	4/30/2020	Phone Service	11-5155 GF		137.13			
14	4/30/2020	Postage	11-5165 GF		69.87			
14	4/30/2020	Printing & Publishing	11-5175 GF		98.80			
14	4/30/2020	Dues & Subscriptions	11-5230 GF		15.93			
14	4/30/2020	Misc Expense	11-5998 GF		242.28			
14	4/30/2020	Life Insurance	12-5050 GF		44.50			
14	4/30/2020	Health Insurance	12-5052 GF		1,121.00			
14	4/30/2020	Equipment Repair & Maintenance	12-5110 GF		39.67			
14	4/30/2020	Training	12-5147 GF		190.00			
14	4/30/2020	Phone Service	12-5155 GF		368.44			
14	4/30/2020	Postage	12-5165 GF		69.87			
14	4/30/2020	Office Supplies	12-5340 GF		271.96			
14	4/30/2020	Tools/Equipment	12-5341 GF		785.47			
14	4/30/2020	Automotive Fuel	12-5370 GF		442.84			
14	4/30/2020	Uniforms - F/T & PT	12-5380 GF		194.72			
14	4/30/2020	Misc Expense	12-5998 GF		2,089.91			
14	4/30/2020	Life Insurance	13-5050 GF		29.66			
14	4/30/2020	Health Insurance	13-5052 GF		2,712.50			
14	4/30/2020	Equipment Repair & Maintenance	13-5110 GF		2,078.36			
14	4/30/2020	Building Maintenance & Cleaning	13-5118 GF		218.56			
14	4/30/2020	Electric - ComEd	13-5150 GF		895.55			
14	4/30/2020	Phone Service	13-5155 GF		10.24			
14	4/30/2020	Tool/Equipment	13-5341 GF		258.99			
14	4/30/2020	Automotive Fuel	13-5370 GF		208.98			
14	4/30/2020	Pioneer Park	13-5840 GF		23.32			
14	4/30/2020	Misc Expens	13-5998 GF		83.94			
14	4/30/2020	6th Street Engineering	35-5135 GF		451.25			
14	4/30/2020	Postage	53-5165 GF		69.87			
14	4/30/2020	Waste Management	53-5390 GF		14,640.47			
		Record FY20 A/P - May 6 bills						
15	4/30/2020	General Fund Accounts Payable	10-2100 GF			7,417.30		
15	4/30/2020	Legal Expense	11-5120 GF		2,133.75			
15	4/30/2020	Treasurer/Accounting Expense	11-5123 GF		750.00			
15	4/30/2020	Permit Inspections -	11-5131 GF		1,045.00			
15	4/30/2020	Office Supplies	11-5340 GF		15.93			
15	4/30/2020	Misc Expense	11-5998 GF		14.99			
15	4/30/2020	Training	12-5147 GF		1,015.45			
15	4/30/2020	Automotive Fuel	12-5370 GF		242.59			
15	4/30/2020	Equipment Repair & Maintenance	13-5110 GF		413.85			
15	4/30/2020	Equipment Repair & Maintenance	13-5110 GF		441.61			
15	4/30/2020	Electric - ComEd	13-5150 GF		896.70			
15	4/30/2020	Tool/Equipment	13-5341 GF		80.80			
15	4/30/2020	Tool/Equipment	13-5341 GF		105.37			
15	4/30/2020	MFT Fund Accounts Payable	20-2100 MFT			305.18		
15	4/30/2020	Street Repair & Improvement	20-5650 MFT		305.18			
15	4/30/2020	6th Street Engineering	35-5135 GF		261.26			
15	4/30/2020	Water & Sewer Distribution Sys	50-1940 WS		7,000.00			
15	4/30/2020	Water Fund Accounts Payable	50-2100 WS			17,705.17		
15	4/30/2020	Repairs/Maint	50-5113 WS		143.41			
15	4/30/2020	Engineering Expense	50-5136 WS		889.50			
15	4/30/2020	Electric - ComEd	50-5150 WS		716.11			
15	4/30/2020	Materials & Supplies	50-5330 WS		273.06			
15	4/30/2020	Tools/Equip	50-5341 WS		572.52			
15	4/30/2020	Automotive Fuel	50-5370 WS		45.83			

Number	Date	Name	Account No	Reference Annotation	Debit	Credit	Recurrence	Misstatement
15	4/30/2020	Repair & Maintenance -Treatment	51-5116 WS		53.66			
15	4/30/2020	Repair & Maintenance -Treatment	51-5116 WS		650.00			
15	4/30/2020	Electric- ComEd	51-5150 WS		910.75			
15	4/30/2020	Materials & Supplies	51-5330 WS		781.00			
15	4/30/2020	Tool / Equipments - Sewer	51-5341 WS		142.64			
15	4/30/2020	Uniforms F/T & P/T	51-5380 WS		277.69			
15	4/30/2020	Engineering Expense	52-5135 WS		5,250.00			
		A/P from subsequent disbursement testing						
16	4/30/2020	Accum Depr - Equip & Vehicles	50-1980 WS			350.00		
16	4/30/2020	Depreciation	50-5997 WS		350.00			
		Entry to record depreciation on Aerator PLC (identified in A/P)						
17	4/30/2020	Record GASB 68	50-2050 WS		3,474.00			
17	4/30/2020	Net Pension Liability-Water Fnd	50-2250 WS		41,510.00			
17	4/30/2020	Deferred Inflow Pension Rltd	50-2275 WS			37,823.00		
17	4/30/2020	IMRF	50-5040 WS			7,161.00		
		GASB 68 adjustments						
					104,192.60	104,192.60		
Net Income (Loss)			10,947.05					



Village of Kirkland

511 W. Main St. · P.O. Box 550

Kirkland, Illinois 60146

Phone: (815) 522-6179

December 4, 2020

Wipfli LLP
4949 Harrison Ave, Suite 300
Rockford, IL 61108

This representation letter is provided in connection with your audit of the financial statements of the Village of Kirkland as of April 30, 2020, which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 20, 2020.
2. The financial statements referred to above are fairly presented in accordance with GAAP and include all properly classified funds and other financial information of the primary government and all component units required by GAAP to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.
7. All events subsequent to the date of the financial statements and for which the GAAP basis of accounting requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the financial statements date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
9. Material concentrations, if any, have been properly disclosed in accordance with GAAP.
10. Guarantees, whether written or oral, under which the Village of Kirkland is contingently liable, if any, have been properly recorded or disclosed in accordance with GAAP.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Village of Kirkland from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of Board of Trustees or summaries of actions of recent meetings for which minutes have not yet prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have no knowledge of any fraud or suspected fraud affecting the Village of Kirkland involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village of Kirkland's financial statements communicated by employees, former employees, regulators, or others.

15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
17. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP and we have not consulted an attorney regarding the above.
18. We have disclosed to you the identity of the Village of Kirkland's related parties and all the related party relationships and transactions of which we are aware.
19. We have made available to you all financial records and related data.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
23. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting noncompliance.
26. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
27. The Village of Kirkland has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged as collateral.
28. The Village of Kirkland has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
30. The financial statements properly classify all funds and activities.
31. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial users.
32. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
33. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
34. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
35. Deposits and investment securities are properly classified as to risk, and investments are properly valued and disclosed.
36. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
37. We have appropriately disclosed the Village of Kirkland's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
38. The Village of Kirkland has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
39. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Village of Kirkland vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
40. The Village has complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Incremental Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended April 30, 2020.

41. We agree with the findings of specialists in evaluating the pension benefits and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
42. We believe that the actuarial assumptions and methods used in the measurement of net pension liabilities and pension expense for financial accounting purposes are appropriate in the circumstances.

Sincerely,

Village of Kirkland

A handwritten signature in black ink, appearing to read "William J. ...", is written over a horizontal line.

Signature of Treasurer