

VILLAGE OF KIRKLAND, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2018

DRAFT

Prepared By

William J. Newkirk, Treasurer
Village of Kirkland, Illinois

VILLAGE OF KIRKLAND, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2018

VILLAGE BOARD

Ryan Block, Village President

TRUSTEES

Coleen Ford

Brandon Wiegartz

Emily Harvel

Steve Devlieger

Mary Micele

Sarah Ziegler

Carol Steigman, Village Clerk

VILLAGE ADMINISTRATION

Ryan Block, Chief Executive Officer

Adam Davenport, Police Chief

Dale Miller, Public Works Director

Carol Steigman, Office Manager

William Newkirk, Treasurer

VILLAGE OF KIRKLAND, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
Principal Officials.....	i
INDEPENDENT AUDITOR'S REPORT.....	1 - 3
MANAGEMENT DISCUSSION AND ANALYSIS.....	4 - 14
FINANCIAL STATEMENTS	
Statement of Net Position.....	15
Statement of Activities.....	16 - 17
Balance Sheet - Governmental Funds.....	18
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.....	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	21
Statement of Net Position - Proprietary Funds.....	22
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	23
Statement of Cash Flows - Proprietary Funds.....	24
Notes to Financial Statements.....	25 - 46
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	47

VILLAGE OF KIRKLAND, ILLINOIS
 TABLE OF CONTENTS (Continued)

	Page(s)
REQUIRED SUPPLEMENTARY INFORMATION (Continued)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Motor Fuel Tax Fund.....	48
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Tax Incremental Financing Fund.....	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Revolving Loan Fund.....	50
Multiyear Schedule of Contributions - Illinois Municipal Retirement Fund.....	51
Summary of Actuarial Methods and Assumptions Used In the Calculation of the 2016 Contribution Rate - Illinois Municipal Retirement Fund.....	52
Multiyear Schedule Of Changes In Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund.....	53
Notes to Required Supplementary Information.....	54
SUPPLEMENTARY INFORMATION	
Schedule of Revenues - Budget and Actual - General Fund.....	55 - 56
Schedule of Detailed Expenditures - Budget and Actual - General Fund.....	57 - 61
Schedule of Detailed Expenditures - Budget and Actual - Tax Incremental Financing Fund.....	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Fund by Subaccount.....	63
Combining Statement of Net Position - Water and Sewer Fund.....	64
Combining Statement of Revenues, Expenses, and Changes in Net Position - Water and Sewer Fund by Subaccount.....	65
SUPPLEMENTARY INFORMATION (Continued)	
Combining Statement of Cash Flows - Water and Sewer Fund by Subaccount.....	66
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Water and Sewer Operating Subaccount.....	67

VILLAGE OF KIRKLAND, ILLINOIS
TABLE OF CONTENTS (Continued)

	Page(s)
Schedule of Operating Expenses - Budget and Actual - Water and Sewer Operating Subaccount.....	68 - 69
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Water Improvement Subaccount.....	70
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual - Sewer Improvement Subaccount.....	71
Schedule of General Capital Assets and Accumulated Depreciation.....	72
Schedule of Water and Sewer Capital Assets and Accumulated Depreciation.....	73
Assessed Value of Taxable Property, Village Tax Rates, and Tax Levies.....	74
Property Tax Rates - Direct and Overlapping Governments.....	75
Kirkland TIF District Assessed Valuation, Tax Rates, and Tax Levies.....	76
INDEPENDENT ACCOUNTANT'S REPORT.....	77

DRAFT

INDEPENDENT AUDITOR'S REPORT

DRAFT



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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Kirkland, Illinois as of April 30, 2018, 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 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The information on pages 74 through 76 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

We have previously audited the Village's 2017 financial statements, and our opinion stated that the supplementary information was fairly stated in relation to the basic financial statements in our report dated October 26, 2017. In our opinion, the summarized comparative required supplementary information and supplementary information presented herein as of and for the year ended April 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rockford, Illinois
November 3, 2018

DRAFT

MANAGEMENT DISCUSSION AND ANALYSIS

DRAFT

VILLAGE OF KIRKLAND, ILLINOIS
MANAGEMENT DISCUSSION AND ANALYSIS
April 30, 2018

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, 2018. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village’s financial activity, (3) identify changes in the Village’s financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved appropriation), and (5) identify individual fund issues or concerns.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

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

Government-Wide Financial Statements

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

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future.

Both of the government-wide financial statements (see pages 15 - 17) distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village reflect the Village’s basic services, including administration, public safety, highways and streets, and sanitation. The business-type activities include the operations of the water and sewer system.

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

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements to be more familiar. The focus of presentation is on major funds rather than fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary fund.

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

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Motor Fuel Tax Fund, Tax Incremental Financing Fund, Revolving Loan Fund (closed in this fiscal year), 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 18 – 21 of this report.

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

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

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

Infrastructure Assets

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 - 46 of this report.

Other Information

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

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

Financial Analysis of the Village as a Whole

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

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

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table shows the net position of the Village of Kirkland as of April 30, 2018.

A significant portion of the Village's net position (71%) reflects its net investment in capital assets less any related outstanding debt used to acquire those assets. Approximately 9% of net position represents resources subject to restrictions on how they may be used, and about 20%, or \$944,685, represents unrestricted net position and may be used to meet the Village's ongoing obligations. During the fiscal year ended April 30, 2018, net position of governmental activities increased \$140,425 and business-type net position decreased \$25,985 for an overall increase of \$114,440.

Table 1
Statement of Net Position
As of April 30, 2017 and 2018

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2018	2017	2018	2017	2018
Assets						
Current Assets	\$ 1,760,419	\$ 1,579,556	\$ 532,025	\$ 533,743	\$ 2,292,444	\$ 2,113,299
Noncurrent Assets	1,601,056	2,025,590	1,503,276	1,471,839	3,104,332	3,497,429
Total Assets	3,361,475	3,605,146	2,035,301	2,005,582	5,396,776	5,610,728
Deferred Outflows	42,225	35,530	21,335	9,774	63,560	45,304
Current Liabilities	94,667	141,672	10,661	15,817	105,328	157,489
Non-Current Liabilities	166,121	75,949	36,576	-	202,697	75,949
Total Liabilities	260,788	217,621	47,237	15,817	308,025	233,438
Deferred Inflows Of Resources	577,875	717,593	43,684	59,809	621,559	777,402
Total Liabilities and Deferred Inflows	838,663	935,214	90,921	75,626	929,584	1,010,840
Net Position						
Net Investment In Capital Assets	1,475,072	1,824,815	1,503,276	1,446,638	2,978,348	3,271,453
Restricted	667,694	429,054	-	-	667,694	429,054
Unrestricted	422,271	451,593	462,439	493,092	884,710	944,685
Total Net Position	\$ 2,565,037	\$ 2,705,462	\$ 1,965,715	\$ 1,939,730	\$ 4,530,752	\$ 4,645,192

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

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

Statement of Activities

The table below summarizes the revenue and expenses of the Village's activities for the fiscal year ended April 30, 2018.

Table 2
Changes In Net Position
For the Fiscal Years Ended April 30, 2017 and 2018

	Governmental Activities:		Business-Type Activities:		Total Primary Government	
	2017	2018	2017	2018	2017	2018
Revenues						
Program Revenues						
Charges For Services	\$ 231,359	\$ 188,693	\$ 332,293	\$ 326,259	\$ 563,652	\$ 514,952
Operating Grants	44,204	44,530	-	-	44,204	44,530
Capital Grant	-	-	-	-	-	-
General Revenues						
Property Tax	417,109	490,719	-	-	417,109	490,719
Sales Tax	127,446	142,340	-	-	127,446	142,340
State Income Tax	164,852	158,149	-	-	164,852	158,149
Utility Tax	101,541	102,737	-	-	101,541	102,737
Other Taxes	52,188	53,789	-	-	52,188	53,789
Investment Income	2,872	6,890	185	172	3,057	7,062
Miscellaneous	29,985	11,783	-	-	29,985	11,783
Total Revenues	1,171,556	1,199,630	332,478	326,431	1,504,034	1,526,061
Expenses						
General Government	375,915	333,709	-	-	375,915	333,709
Public Safety	328,665	284,498	-	-	328,665	284,498
Highways and Streets	212,947	281,979	-	-	212,947	281,979
Sanitation	146,990	155,735	-	-	146,990	155,735
Interest	4,221	3,284	-	-	4,221	3,284
Water and Sewer	-	-	364,515	352,416	364,515	352,416
Total Expenses	1,068,738	1,059,205	364,515	352,416	1,433,253	1,411,621
Contributions	-	-	-	-	-	-
Change In Net Position	102,818	140,425	(32,037)	(25,985)	70,781	114,440
Net Position, May 1	2,462,219	2,565,037	1,997,752	1,965,715	4,459,971	4,530,752
Net Position, April 30	\$ 2,565,037	\$ 2,705,462	\$ 1,965,715	\$ 1,939,730	\$ 4,530,752	\$ 4,645,192

VILLAGE OF KIRKLAND, ILLINOIS
MANAGEMENT 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, 2018 were \$1,199,630. This total includes \$44,530 in "operating grants" that represent state shared motor fuel taxes. In comparison to the prior year, total revenues increased \$28,074 primarily because of increases to sales tax and TIF property tax revenue.

The revenue mix, received in the fiscal year ended April 30, 2018, represents a relatively diverse revenue base. About 19% of revenues were provided by service charges and operating grants, 41% from property taxes, 18% from state shared revenues, 12% from sales taxes, 9% from utility taxes, and 2% from other sources.

State-shared revenues including state income tax, use tax, video gaming tax, and personal property replacement tax totaled \$211,938 in the fiscal year ended April 30, 2018, a decrease of \$5,102 from the previous year. However, sales tax revenues of \$142,340 increased \$14,894, or about 12% from the previous fiscal year. This was after sales taxes in the 2014/2015 fiscal year increased about 85%, primarily as a result of a new building truss manufacturer that opened in the 2013/2014 fiscal year and a 16% decrease in the 2015/2016 fiscal year.

Expenses

Total expenses for the Village's governmental activities for the fiscal year ended April 30, 2018 were \$1,059,205. As required by GASB Statement No. 34, total expenses include depreciation but it excludes expenditures for capital assets. The largest functional expense was general government at \$333,709. This amount was followed by \$284,498 for public safety, \$281,979 for highways and streets, \$155,735 for sanitation (refuse disposal) and \$3,284 for interest expense. Overall, total revenues in governmental activities exceeded total expenses by \$140,425.

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

Business-Type Activities

Revenues

Total revenues for the Village's business-type activities for the fiscal year ended April 30, 2018 were \$326,431. This amount included \$326,259 for water and sewer charges and \$172 for interest income. Charges for water and sewer service provided about 93% of total related business-type expenses including depreciation.

Expenses

Total expenses, including depreciation of \$83,828, for the Village's business-type activities for the fiscal year ended April 30, 2018 were \$352,416. During the year, the net position of business-type activities decreased \$25,985.

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, 2018, the governmental funds (as presented on the balance sheet on page 18) had combined fund balances of \$970,929. This represents an overall decrease of \$218,969 from prior year fund balances. The General Fund increased \$19,671 along with an increase of \$3,659 in the Motor Fuel Tax Fund. The Revolving Loan Fund decrease \$91,767, along with a decrease in the Tax Increment Financing Fund of \$150,532.

The total net position of the Water and Sewer Fund decreased from \$1,965,715 at April 30, 2017 to \$1,939,730 at April 30, 2018, a decrease of \$25,985. However, of greater significance is the unrestricted portion of net position of the Water and Sewer Fund which increased \$30,653. The total amount of unrestricted net position, which represents net working capital, as of April 30, 2018 was \$493,092 compared to \$462,439 as of April 30, 2017.

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 and an additional 12% in the 2017/2018 fiscal year. Property taxes, especially in the TIF District have also increased as the real estate market continues to improve.

The available balances of each of the Village funds appear to be adequate as of April 30, 2018 for working cash and contingencies.

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

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

Table 3
General Fund Appropriation Highlights
For the Fiscal Year Ended April 30, 2018
(With Comparative Actual for 2017)

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 423,800	\$ 423,800	\$ 463,669	\$ 428,102
Licenses and Permits	19,100	19,100	10,141	17,966
Intergovernmental Revenue	219,900	219,900	215,293	216,935
Service Charges	154,600	154,600	153,501	161,985
Fines and Forfeits	45,000	45,000	25,051	51,408
Investment Income	1,500	1,500	4,829	1,765
Miscellaneous	5,055	5,055	11,783	29,985
Total Revenue	868,955	868,955	884,267	908,146
Expenditures				
Current				
General Government	175,100	175,100	172,006	181,009
Public Safety	307,890	307,890	319,727	324,442
Highways and Streets	185,680	185,680	197,024	149,034
Sanitation	154,600	154,600	155,735	146,990
Capital Outlay	57,500	57,500	-	-
Debt Service	35,536	35,536	35,535	35,535
Total Expenditures	916,306	916,306	880,027	837,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(47,351)	(47,351)	4,240	(47,351)
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	15,431	-
Total Other Financing Sources (Uses)	-	-	15,431	-
Net Change In Fund Balance	\$ (47,351)	\$ (47,351)	19,671	71,136
Fund Balance, Beginning			522,204	451,068
Fund Balance, Ending			\$ 541,875	\$ 522,204

The General Fund total revenues exceeded total expenditures by \$4,240 and loan proceeds from the DeKalb County Sheriff's Department of \$15,431 also increase fund balance. The fund balance increased from \$522,204 to \$541,875.

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

The fund balance of the General Fund of \$541,875 compared to total expenditures of \$880,027 represents a fund balance to expenditures ratio of 61.6%. A fund balance to expenditures ratio in excess of 50% in a municipality the size of Kirkland indicates a relatively good financial position.

CAPITAL ASSETS

The following schedule reflects the Village's capital asset balances as of April 30, 2018.

Table 4
Capital Assets
As of April 30, 2018
(With Comparative Actual for 2017)

	2018			2017 Totals
	Governmental Activities	Business-Type Activities	Totals	
Building and Improvements	\$ 739,234	\$ -	\$ 739,234	\$ 722,934
Equipment and Vehicles	371,303	505,641	876,944	821,509
Pioneer Park Improvement	42,853	-	42,853	42,853
Infrastructure	1,692,071	-	1,692,071	1,336,113
Water and Sewer System	-	1,702,928	1,702,928	1,702,928
Sewer Treatment Plant	-	1,038,181	1,038,181	1,038,181
Total Capital Assets				
Excluding Depreciation	<u>2,845,461</u>	<u>3,246,750</u>	<u>6,092,211</u>	<u>5,664,518</u>
Less:				
Accumulated Depreciation	<u>911,482</u>	<u>1,800,112</u>	<u>2,711,594</u>	<u>2,560,186</u>
Total Capital Assets	<u><u>\$ 1,933,979</u></u>	<u><u>\$ 1,446,638</u></u>	<u><u>\$ 3,380,617</u></u>	<u><u>\$ 3,104,332</u></u>

At year-end, the Village's investment in capital assets (net of accumulated depreciation) for both its governmental and business-type activities was \$3,380,617 (see note 3 in the Notes to the Financial Statements for further information regarding capital assets). During the fiscal year ended April 30, 2018, there were several asset additions including road improvements, building improvements, new police vehicles, and new equipment. Additional information on the Village's capital assets can be found on pages 36 - 37 of the notes to the financial statements.

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

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, 2017 the balance of this note was \$125,984. A total of \$32,251 in principal was paid on the note during the year ended April 30, 2018. During the 2018 fiscal year the Village entered into an agreement with the DeKalb County Sheriff's Department to pay for the proportionate share of communications equipment upgrades throughout the county in the amount of \$15,431. The first payment is not due until December 31, 2019. 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, 2017 and April 30, 2018. Additional information on the Village's long-term debt can be found on pages 38-39 of the notes to the financial statements.

Table 5
Long-Term Debt
As of April 30, 2018
(With Comparative Actual for 2017)

	2018			2017 Total
	Governmental Activities	Business-Type Activities	Total	
Bull Run Property Note	\$ 93,733	\$ -	\$ 93,733	\$ 125,984
DeKalb County Sheriff Note	15,431	-	15,431	-
Total Long-Term Debt	\$ 109,164	\$ -	\$ 109,164	\$ 125,984

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

ECONOMIC FACTORS

Accomplishments

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

During the recent fiscal years, TIF monies were used to partially fund 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 there is only 1 year left for the TIF District.

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

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

DRAFT

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 1,008,703	\$ 475,754	\$ 1,484,457
Receivables			
Property Taxes	500,170	-	500,170
Other Taxes	52,044	-	52,044
Accounts	25,556	51,072	76,628
Miscellaneous	-	-	-
Internal Balances	(6,917)	6,917	-
Net Pension Asset	91,611	25,201	116,812
Capital Assets, Net of Accumulated Depreciation	1,933,979	1,446,638	3,380,617
Total Assets	3,605,146	2,005,582	5,610,728
DEFERRED OUTFLOWS			
Pension Related	35,530	9,774	45,304
LIABILITIES			
Accounts Payable	93,577	13,210	106,787
Accrued Payroll	8,887	2,607	11,494
Other Liabilities	1,016	-	1,016
Due to Developers	4,977	-	4,977
Notes Payable - due within one year	33,215	-	33,215
Noncurrent Liabilities			
Notes Payable	75,949	-	75,949
Net Pension Liability	-	-	-
Total Liabilities	217,621	15,817	233,438
DEFERRED INFLOWS OF RESOURCES			
Pension Related	217,423	59,809	277,232
Property Taxes	500,170	-	500,170
Total Deferred Inflows Of Resources	717,593	59,809	777,402
Total Liabilities and Deferred Inflows of Resources	935,214	75,626	1,010,840
NET POSITION			
Net Investment In Capital Assets	1,824,815	1,446,638	3,271,453
Restricted For			
Economic Development Loans	-	-	-
Highways and Streets	204,593	-	204,593
Tax Incremental Financing District	224,461	-	224,461
Unrestricted	451,593	493,092	944,685
Total Net Position	\$ 2,705,462	\$ 1,939,730	\$ 4,645,192

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
Governmental Activities				
General Government	\$ 333,709	\$ 10,141	\$ -	\$ -
Public Safety	284,498	25,051	-	-
Highways and Streets	281,979	-	44,530	-
Sanitation	155,735	153,501	-	-
Interest	3,284	-	-	-
Total Governmental Activities	<u>1,059,205</u>	<u>188,693</u>	<u>44,530</u>	<u>-</u>
Business-Type Activities				
Water and Sewer Service	<u>352,416</u>	<u>326,259</u>	-	-
Total Business-Type Activities	<u>352,416</u>	<u>326,259</u>	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,411,621</u>	<u>\$ 514,952</u>	<u>\$ 44,530</u>	<u>\$ -</u>

See Notes to Financial Statements.

Net (Expense) Revenue and Change In Net Position
Primary Government

	Governmental Activities	Business-Type Activities	Total
	\$ (323,568)	\$ -	\$ (323,568)
	(259,447)	-	(259,447)
	(237,449)	-	(237,449)
	(2,234)	-	(2,234)
	(3,284)	-	(3,284)
	(825,982)	-	(825,982)
	-	(26,157)	(26,157)
	-	(26,157)	(26,157)
	(825,982)	(26,157)	(852,139)
General Revenues			
Property Taxes	490,719	-	490,719
Sales Tax	142,340	-	142,340
Utility Taxes	102,737	-	102,737
Intergovernmental - Unrestricted			
State Income Tax	158,149	-	158,149
Other Taxes	53,789	-	53,789
Investment Income	6,890	172	7,062
Miscellaneous	11,783	-	11,783
Total General Revenue	966,407	172	966,579
CHANGE IN NET POSITION	140,425	(25,985)	114,440
NET POSITION, MAY 1	2,565,037	1,965,715	4,530,752
NET POSITION, APRIL 30	\$ 2,705,462	\$ 1,939,730	\$ 4,645,192

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2018

	General	Motor Fuel Tax	Tax Incremental Financing	Revolving Loan Fund	Capital Projects Fund	Total
ASSETS						
Cash	\$ 560,238	\$ 216,381	\$ 232,084	\$ -	\$ -	\$ 1,008,703
Receivables						
Property Taxes	210,820	-	289,350	-	-	500,170
Other Taxes	48,052	3,992	-	-	-	52,044
Accounts	25,556	-	-	-	-	25,556
Due From Other Funds	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Assets	<u>\$ 844,666</u>	<u>\$ 220,373</u>	<u>\$ 521,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,586,473</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 70,174	\$ 15,780	\$ 7,623	\$ -	\$ -	\$ 93,577
Accrued Payroll	8,887	-	-	-	-	8,887
Other Payables	1,016	-	-	-	-	1,016
Due To Developers	4,977	-	-	-	-	4,977
Due To Other Funds	6,917	-	-	-	-	6,917
Total Liabilities	<u>91,971</u>	<u>15,780</u>	<u>7,623</u>	<u>-</u>	<u>-</u>	<u>115,374</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	210,820	-	289,350	-	-	500,170
Unavailable Revenue - Other Taxes	-	-	-	-	-	-
Total Deferred Inflows Of Resources	<u>210,820</u>	<u>-</u>	<u>289,350</u>	<u>-</u>	<u>-</u>	<u>500,170</u>
Total Liabilities and Deferred Inflows of Resources	<u>302,791</u>	<u>15,780</u>	<u>296,973</u>	<u>-</u>	<u>-</u>	<u>615,544</u>
FUND BALANCES						
Restricted						
Economic Development Loans	-	-	-	-	-	-
Highways and Streets	-	204,593	-	-	-	204,593
Tax Incremental Financing District	-	-	224,461	-	-	224,461
Assigned						
Capital Equipment	73,514	-	-	-	-	73,514
Unassigned	468,361	-	-	-	-	468,361
Total Fund Balances	<u>541,875</u>	<u>204,593</u>	<u>224,461</u>	<u>-</u>	<u>-</u>	<u>970,929</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 844,666</u>	<u>\$ 220,373</u>	<u>\$ 521,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,586,473</u>

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, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 970,929
-------------------------------------	------------

Amounts reported for governmental activities in the
Statement of Net Position are different because:

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

Long -Term Receivables	-
Deferred Outflows Related to Pensions	35,530

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

	1,933,979
--	-----------

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	(109,164)
Net Pension Liability (Asset)	91,611
Deferred Inflows Related to Pensions	(217,423)

NET POSITION OF GOVERNMENTAL ACTIVITIES

	<u>\$ 2,705,462</u>
--	---------------------

VILLAGE OF KIRKLAND, ILLINOIS

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

For the Year Ended April 30, 2018

	General	Motor Fuel Tax	Tax Incremental Financing	Revolving Loan Fund	Capital Projects Fund	Total
REVENUES						
Taxes	\$ 463,669	\$ -	\$ 285,459	\$ -	\$ -	\$ 749,128
Licenses and Permits	10,141	-	-	-	-	10,141
Intergovernmental Revenue	215,293	44,530	-	-	-	259,823
Service Charges	153,501	-	-	-	-	153,501
Fines and Forfeits	25,051	-	-	-	-	25,051
Investment Income	4,829	1,622	414	25	-	6,890
Miscellaneous	11,783	-	-	-	-	11,783
Total Revenues	884,267	46,152	285,873	25	-	1,216,317
EXPENDITURES						
Current						
General Government	172,006	-	34,716	91,792	-	298,514
Public Safety	319,727	-	-	-	-	319,727
Highways and Streets	197,024	42,493	355,958	-	-	595,475
Sanitation	155,735	-	-	-	-	155,735
Capital Outlay	-	-	45,731	-	-	45,731
Debt Service	35,535	-	-	-	-	35,535
Total Expenditures	880,027	42,493	436,405	91,792	-	1,450,717
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,240	3,659	(150,532)	(91,767)	-	(234,400)
OTHER FINANCING SOURCES (USES)						
Loan Proceeds	15,431	-	-	-	-	15,431
Total Other Financing Sources (Uses)	15,431	-	-	-	-	15,431
NET CHANGE IN FUND BALANCES	19,671	3,659	(150,532)	(91,767)	-	(218,969)
FUND BALANCES, MAY 1	522,204	200,934	374,993	91,767	-	1,189,898
FUND BALANCES, APRIL 30	\$ 541,875	\$ 204,593	\$ 224,461	\$ -	\$ -	\$ 970,929

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, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (218,969)
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	424,503
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.	(15,431)
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	32,251
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	(91,580)
Pension Expense	26,338
General Revenues in the Statement of Activities reported in the current and the prior year representing long-term taxes receivable are not included in current financial resources and, therefore are subtracted from current financial resources in Governmental Funds.	<u>(16,687)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>140,425</u></u>

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

April 30, 2018

	Business-Type Activities Water and Sewer System
ASSETS	
Current Assets	
Cash	\$ 475,754
Receivables	
Accounts - Billed and Unbilled	51,072
Due From Other Funds	6,917
Total Current Assets	533,743
Non-Current Assets	
Net Pension Asset	25,201
Capital Assets	
Net of Accumulated Depreciation	1,446,638
Total Non-Current Assets	1,471,839
Total Assets	2,005,582
DEFERRED OUTFLOWS	
Pension Related	9,774
LIABILITIES	
Current Liabilities	
Accounts Payable	13,210
Accrued Payroll	2,607
Due To Other Funds	-
Total Current Liabilities	15,817
Non-Current Liabilities	
Net Pension Liability	-
Total Liabilities	15,817
DEFERRED INFLOWS OF RESOURCES	
Pension Related	59,809
NET POSITION	
Net Investment In Capital Assets	1,446,638
Unrestricted	493,092
TOTAL NET POSITION	\$ 1,939,730

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, 2018

	Business-Type Activities
	<u>Water and Sewer System</u>
OPERATING REVENUES	
Charges for Services	\$ 326,259
Total Operating Revenues	<u>326,259</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Water and Sewer Operations	
Salaries and Benefits	147,024
Contractual Services	101,194
Material and Supplies	17,467
Miscellaneous	<u>2,903</u>
Total Operating Expenses Excluding Depreciation	<u>268,588</u>
OPERATING INCOME BEFORE DEPRECIATION	<u>57,671</u>
DEPRECIATION	<u>83,828</u>
OPERATING INCOME (LOSS)	<u>(26,157)</u>
NON-OPERATING REVENUES	
Investment Income	<u>172</u>
Total Non-Operating Revenue	<u>172</u>
CHANGE IN NET POSITION	<u>(25,985)</u>
NET POSITION, MAY 1	1,965,715
NET POSITION, APRIL 30	<u>\$ 1,939,730</u>

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended April 30, 2018

	Business-Type Activities Water and Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers	\$ 327,277
Payments To Suppliers	(116,858)
Payments To Employees	(180,665)
	<u>29,754</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(27,190)
General Fund Due To/From	(18,664)
	<u>(45,854)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	172
	<u>172</u>
NET INCREASE (DECREASE) IN CASH	(15,928)
CASH, MAY 1	<u>491,682</u>
CASH, APRIL 30	<u>\$ 475,754</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (26,157)
Depreciation	83,828
Adjustments To Reconcile Operating Income (Loss) To Net Cash From Operating Activities	
Accounts Receivable	1,018
Accounts Payable	4,706
Accrued Payroll	450
Pension related amounts	(34,091)
	<u>29,754</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 29,754</u>

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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, 2018

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 Revolving Loan Fund as a major fund even though the fund calculations do not classify it as a major fund. The Village views the fund 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, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Governmental Funds

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains three major special revenue funds, the Motor Fuel Tax Fund, Tax Incremental Financing District Fund and the Revolving Loan Fund.

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

Proprietary Funds

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

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

Fiduciary Funds

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

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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, 2018

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, 2018

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, 2018

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 their 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, 2018

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, 2018

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.

Expenditures in the Revolving Loan Fund exceeded the budget by \$90,767.

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 2016 Tax Levy Ordinance, adopted in December 2016, and collected in 2017, was used to finance the fiscal year ended April 30, 2018. The 2017

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES - Continued

Tax Levy Ordinance, adopted in December 2017, is recorded as a receivable and unavailable revenue in the financial statements for the year ended April 30, 2018.

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 \$990,535 and the bank balances totaled \$993,660. Additionally, the Village had \$493,922 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, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. All funds on deposit in banks in excess of FDIC limits should be secured by some form of collateral. Furthermore, pledged collateral should be held by the Village or in safekeeping evidenced by a safekeeping agreement. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village's investment policy requires collateral on all funds on deposit in banks in excess of the FDIC insurance. At year-end all deposits were covered by FDIC insurance or collateral held by the Village or in safekeeping in the Village's name.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy recommends diversification to minimize this risk. However, the Village does not require diversification for funds on deposit with a financial institution that are covered by FDIC insurance or collateral. At year-end, the Village maintained deposit accounts with four banks and the Illinois Funds: 35% of deposits were with Alpine Bank, Kirkland, Illinois, 14% with Resource Bank, Genoa, Illinois, 14% with Heartland Bank, Genoa, Illinois, 4% with Blackhawk Bank, Rockford, Illinois, and 33% with Illinois Funds.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year ended April 30, 2018 follows on the next page:

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS - Continued

Governmental Activities – Continued

	<u>Balances</u> May 1, 2017	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> April 30, 2018
Capital Assets				
General Government				
Building and Improvements	\$ 722,934	\$ 16,300	\$ -	\$ 739,234
Equipment	16,883	4,745	-	21,628
Public Safety				
Equipment and Vehicles	114,707	34,200	24,000	124,907
Highways and Streets				
Equipment and Vehicles	211,468	13,300	-	224,768
Pioneer Park Improvement	42,853	-	-	42,853
Infrastructure	<u>1,336,113</u>	<u>355,958</u>	-	<u>1,692,071</u>
	<u>2,444,958</u>	<u>424,503</u>	<u>24,000</u>	<u>2,845,461</u>
Less Accumulated Depreciation				
General Government				
Building and Improvements	164,723	13,555	-	178,278
Equipment	5,613	1,889	-	7,502
Public Safety				
Equipment and Vehicles	83,996	13,069	24,000	73,065
Highways and Streets				
Equipment and Vehicles	146,188	10,185	-	156,373
Pioneer Park Improvement	38,592	2,741	-	41,333
Infrastructure	<u>404,790</u>	<u>50,141</u>	-	<u>454,931</u>
	<u>843,902</u>	<u>91,580</u>	<u>24,000</u>	<u>911,482</u>
Total Capital Assets	<u>\$ 1,601,056</u>	<u>\$ 332,923</u>	<u>\$ -</u>	<u>\$ 1,933,979</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 15,444
Public Safety	13,069
Highways and Streets	<u>63,067</u>
	<u>\$ 91,580</u>

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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:

	<u>Balances</u> May 1, 2017	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> April 30, 2018
Capital Assets				
Equipment	\$ 347,271	\$ 27,190	\$ -	\$ 374,461
Vehicles	131,180	-	-	131,180
Water System	915,048	-	-	915,048
Sewer System	787,880	-	-	787,880
Sewer Treatment Plant	<u>1,038,181</u>	<u>-</u>	<u>-</u>	<u>1,038,181</u>
	<u>3,219,560</u>	<u>27,190</u>	<u>-</u>	<u>3,246,750</u>
Less Accumulated Depreciation				
Equipment	155,338	14,268	-	169,606
Vehicles	44,993	4,925	-	49,918
Water System	354,874	26,082	-	380,956
Sewer System	314,300	16,160	-	330,460
Sewer Treatment Plant	<u>846,779</u>	<u>22,393</u>	<u>-</u>	<u>869,172</u>
	<u>1,716,284</u>	<u>83,828</u>	<u>-</u>	<u>1,800,112</u>
Total Capital Assets	<u>\$ 1,503,276</u>	<u>\$ (56,638)</u>	<u>\$ -</u>	<u>\$ 1,446,638</u>

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Installment Loans:

Issue	Fund Debt Retired By	Balances May 1, 2017	Issuances	Retirements	Balances April 30, 2018
Installment note to purchase Bull Run Creek Property, due in 60 monthly installments with interest at 2.91%, maturing January 22, 2021.	General Fund	\$ 125,984	\$ -	\$ 32,251	\$ 93,733
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	-	15,431	-	15,431
		<u>\$ 125,984</u>	<u>\$ 15,431</u>	<u>\$ 32,251</u>	<u>\$ 109,164</u>

Debt Repayment Schedules:

	Fiscal Year	Principal	Interest	Total Payments
	April 30			
Installment Loan	2019	\$ 33,215	\$ 2,320	\$ 35,535
Alpine Bank	2020	34,209	1,327	35,536
	2021	26,309	325	26,634
Total		<u>\$ 93,733</u>	<u>\$ 3,972</u>	<u>\$ 97,705</u>
Installment Loan	2019	\$ -	\$ -	\$ -
DeKalb County Sheriff	2020	3,858	694	4,552
	2021	3,858	347	4,205
	2022	3,858	231	4,089
	2023	3,857	116	3,973
Total		<u>\$ 15,431</u>	<u>\$ 1,388</u>	<u>\$ 16,819</u>

VILLAGE OF KIRKLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 April 30, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

Debt Limitation

The Village is subject to a debt limitation of 8.625% of its assessed valuation of \$22,295,111. As of April 30, 2018, the Village’s remaining legal debt margin was 1,813,789.

INTERNAL ACCOUNTS

Internal Receivables and Payables

Due From/Due To Other Funds as of April 30, 2018 consist of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund		
Water and Sewer Fund	\$ -	\$ 6,917
Water and Sewer Fund		
General Fund	6,917	-
Totals	<u>\$ 6,917</u>	<u>\$ 6,917</u>

The internal accounts as of April 30, 2018 represent temporary cash advances and will be paid back within the next fiscal 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, 2018

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, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	7
Active employees	5
Total	<u>17</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 2017 was 10.74%. For the fiscal year ended April 30, 2018, the Village contributed \$26,124 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, 2018

NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

Net Pension Liability – The employer’s Net Pension Liability was measured as of December 31, 2017, 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, 2017:

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

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

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

Salary Increases were expected to be 3.39% to 14.25%, including inflation.

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

Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 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-2017 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 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members’ contributions will be made at the current contribution rate, and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 4 – DEFINED BENEFIT PENSION PLAN – Continued

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance January 1, 2017	\$ 1,228,384	\$ 1,119,420	\$ 108,964
Service Costs	42,317	-	42,317
Interest On Total Pension Liability	92,035	-	92,035
Difference Between Expected and Actual Experience	(100,703)	-	(100,703)
Changes In Assumptions	(32,147)	-	(32,147)
Employer Contributions	-	31,178	(31,178)
Employee Contributions	-	13,064	(13,064)
Net Investment Income	-	192,534	(192,534)
Benefit Payments, Net of Refunds	(44,822)	(44,822)	-
Other Changes	-	(9,498)	9,498
Net Changes	(43,320)	182,456	(225,776)
Balances As Of December 31, 2017	\$ 1,185,064	\$ 1,301,876	\$ (116,812)

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

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,466	\$ (116,812)	\$ (226,100)

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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, 2018, the Village had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources to be recognized in future pension expenses:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 161,016	\$ (161,016)
Changes In Assumptions	517	29,052	(28,535)
Net Difference Between Projected and Actual Earnings	33,588	87,164	(53,576)
Employer Contributions Subsequent to the Measurement Date	11,199	-	11,199
Total	\$ 45,304	\$ 277,232	\$ (231,928)

The Village reported \$11,199 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ (78,206)
2020	(64,670)
2021	(56,790)
2022	(43,461)
2023	-
Thereafter	-
Total	\$ (243,127)

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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. 45, *Accounting and Financial Reporting By Employers 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, 2018.

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 5 – OTHER INFORMATION - Continued

TORT INSURANCE EXPENDITURES

The Village allocated the total amount of the tort insurance levy of \$19,915 received in the year ended April 30, 2018 towards tort insurance expenditures for the year, resulting in no restricted balances for tort as of April 30, 2018.

CONTINGENT LIABILITIES

Litigation

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

Grants

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

NOTE 6 – IMPACT OF PENDING STANDARDS

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018. The Village has not determined the effect of this Statement.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Village has not determined the effect of this Statement.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Village has not determined the effect of this Statement.

VILLAGE OF KIRKLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 6 – IMPACT OF PENDING STANDARDS - Continued

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Village has not determined the effect of this Statement.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Village has not determined the effect of this Statement.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

VILLAGE OF KIRKLAND, ILLINOIS

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

GENERAL FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 423,800	\$ 423,800	\$ 463,669	\$ 428,102
Licenses and Permits	19,100	19,100	10,141	17,966
Intergovernmental Revenue	219,900	219,900	215,293	216,935
Service Charges	154,600	154,600	153,501	161,985
Fines and Forfeits	45,000	45,000	25,051	51,408
Investment Income	1,500	1,500	4,829	1,765
Miscellaneous	5,055	5,055	11,783	29,985
Total Revenues	868,955	868,955	884,267	908,146
EXPENDITURES				
Current				
General Government	175,100	175,100	172,006	181,009
Public Safety	307,890	307,890	319,727	324,442
Highways and Streets	185,680	185,680	197,024	149,034
Sanitation	154,600	154,600	155,735	146,990
Capital Outlay	57,500	57,500	-	-
Debt Service	35,536	35,536	35,535	35,535
Total Expenditures	916,306	916,306	880,027	837,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(47,351)	(47,351)	4,240	71,136
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	15,431	-
Total Other Financing Sources (Uses)	-	-	15,431	-
NET CHANGE IN FUND BALANCE	\$ (47,351)	\$ (47,351)	19,671	71,136
FUND BALANCE, MAY 1			522,204	451,068
FUND BALANCE, APRIL 30			\$ 541,875	\$ 522,204

(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, 2018
(with comparative actual for 2017)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
REVENUES				
Intergovernmental Revenues				
MFT Allocation	\$ 44,900	\$ 44,900	\$ 44,530	\$ 44,204
Investment Income	625	625	1,622	531
Total Revenues	<u>45,525</u>	<u>45,525</u>	<u>46,152</u>	<u>44,735</u>
EXPENDITURES				
Highways and Streets				
Street Salt	-	-	8,787	8,624
Street Repairs & Improvements	40,000	40,000	33,706	-
Engineering	5,000	5,000	-	-
Total Expenditures	<u>45,000</u>	<u>45,000</u>	<u>42,493</u>	<u>8,624</u>
NET CHANGE IN FUND BALANCE	<u>\$ 525</u>	<u>\$ 525</u>	3,659	36,111
FUND BALANCE, MAY 1			<u>200,934</u>	<u>164,823</u>
FUND BALANCE, APRIL 30			<u>\$ 204,593</u>	<u>\$ 200,934</u>

(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, 2018
(with comparative actual for 2017)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
REVENUES				
Taxes				
TIF Property Taxes	\$ 225,000	\$ 225,000	\$ 285,459	\$ 214,662
Miscellaneous				
Investment Income	525	525	414	539
Other Income	-	-	-	-
Total Revenues	<u>225,525</u>	<u>225,525</u>	<u>285,873</u>	<u>215,201</u>
EXPENDITURES				
Current				
General Government	164,450	164,450	34,716	181,749
Public Safety	-	-	-	-
Highways and Streets	286,400	286,400	355,958	-
Capital Outlay	87,000	87,000	45,731	-
Total Expenditures	<u>537,850</u>	<u>537,850</u>	<u>436,405</u>	<u>181,749</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(312,325)</u>	<u>(312,325)</u>	<u>(150,532)</u>	<u>33,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers (Out)				
Transfer To Water & Sewer Fund	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (312,325)</u>	<u>\$ (312,325)</u>	<u>(150,532)</u>	<u>33,452</u>
FUND BALANCE, MAY 1			<u>374,993</u>	<u>341,541</u>
FUND BALANCE, APRIL 30			<u>\$ 224,461</u>	<u>\$ 374,993</u>

(See Notes to Required Supplementary Information.)

VILLAGE OF KIRKLAND, ILLINOIS

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

REVOLVING LOAN FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
REVENUES				
Investment Income	\$ 50	\$ 50	\$ 25	\$ 37
Total Revenues	50	50	25	37
EXPENDITURES				
Current				
General Government	1,000	1,000	91,792	-
Total Expenditures	1,000	1,000	91,792	-
NET CHANGE IN FUND BALANCE	\$ (950)	\$ (950)	(91,767)	37
FUND BALANCE, MAY 1			91,767	91,730
FUND BALANCE, APRIL 30			\$ -	\$ 91,767

(See Notes to Required Supplementary Information.)

VILLAGE OF KIRKLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
MULTIYEAR SCHEDULE OF CONTRIBUTIONS

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

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As A % Of Covered Valuation Payroll
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	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-

(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 2017 CONTRIBUTION RATE (1)

April 30, 2018

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 2017 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): 26-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 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method	5-year smoothed market;20% corridor.
Wage Growth	3.5%.
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75 to 14.50% including inflation.
Investment Rate of Return	7.50%.
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scal MP-2014 (base year 2012). 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 mortatlity table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were appied for non-disabled lives. Fore active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee 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, 2015 actuarial valuation.

(See Notes to Required Supplementary Information)

VILLAGE OF KIRKLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Calendar Year Ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability:										
Service Cost	\$ 42,317	\$ 46,558	\$ 46,695							
Interest On The Total Pension Liability	92,035	93,590	93,859							
Benefit Changes	-	-	-							
Difference Between Expected and Actual Experience	(100,703)	(105,993)	(81,618)							
Assumption Changes	(32,147)	(6,749)	1,729							
Benefit Payments and Refunds	(44,822)	(60,613)	(64,422)							
Net Change In Total Pension Liability	(43,320)	(33,207)	(3,757)							
Total Pension Liability - Beginning	1,228,384	1,261,591	1,265,348							
Total Pension Liability - Ending (a)	\$ 1,185,064	\$ 1,228,384	\$ 1,261,591							
Plan Fiduciary Net Position:										
Employer Contributions	\$ 31,178	\$ 43,223	\$ 47,301							
Employee Contributions	13,064	16,074	17,348							
Pension Plan Net Investment Income	192,534	71,743	5,305							
Benefit Payments and Refunds	(44,822)	(60,613)	(64,422)							
Other	(9,498)	(327)	(17,117)							
Net Change In Plan Fiduciary Net Position	182,456	70,100	(11,585)							
Plan Fiduciary Net Position - Beginning	1,119,420	1,049,320	1,060,905							
Plan Fiduciary Net Position - Ending (b)	\$ 1,301,876	\$ 1,119,420	\$ 1,049,320							
Net Pension Liability(Asset) - Ending (a)-(b)	(116,812)	108,964	212,271							
Plan Fiduciary Net Position As A Percentage Of Total Pension Liability	109.86%	91.13%	83.17%							
Covered Valuation Payroll	\$ 290,304	\$ 357,208	\$ 385,509							
Net Pension Liability As A Percentage Of Covered Valuation Payroll	-40.24%	30.50%	55.06%							

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

(See Notes To Required Supplementry Information)

VILLAGE OF KIRKLAND, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2018

a. Budgets

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

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

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

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

Expenditures in the Revolving Loan Fund exceeded the budget by \$90,792.

SUPPLEMENTARY INFORMATION

DRAFT

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018			2017
	Original Budget	Final Budget	Actual	Actual
REVENUES				
Taxes				
Property	\$ 199,100	\$ 199,100	\$ 198,996	\$ 197,412
Road and Bridge	6,200	6,200	6,264	5,035
Utility	93,500	93,500	104,924	101,854
Sales	125,000	125,000	153,485	123,801
Total Taxes	423,800	423,800	463,669	428,102
Licenses and Permits				
Liquor Licenses	6,200	6,200	4,525	7,500
Other Licenses	300	300	50	150
Building Permits	10,000	10,000	5,016	8,308
Golf Cart Permits	500	500	550	-
Cable TV Franchise	2,100	2,100	-	2,008
Total Licenses and Permits	19,100	19,100	10,141	17,966
Intergovernmental Revenue				
State Shared Taxes				
State Income Tax	165,000	165,000	158,149	164,852
State Use Tax	44,100	44,100	45,873	43,001
Personal Property Replacement Tax	2,800	2,800	2,767	3,306
Video Gaming Tax	8,000	8,000	8,504	5,776
Police Grants	-	-	-	-
Police DEA Project Distributions	-	-	-	-
Total Intergovernmental Revenue	219,900	219,900	215,293	216,935
Service Charges				
Garbage Fees	154,600	154,600	153,501	153,808
Police Reimbursements	-	-	-	8,177
TIF District Police Services	-	-	-	-
Reclassify TIF District Police Services	-	-	-	-
Total Service Charges	154,600	154,600	153,501	161,985
Fines and Forfeits				
Ordinance Fines	45,000	45,000	25,051	51,408
Total Fines and Forfeits	45,000	45,000	25,051	51,408

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)

GENERAL FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
REVENUES (Continued)				
Investment Income	\$ 1,500	\$ 1,500	\$ 4,829	\$ 1,765
Miscellaneous				
Miscellaneous Income	2,500	2,500	3,600	1,133
Tower Rental	2,400	2,400	2,400	2,400
Insurance Reports	50	50	30	25
Copies/Fax Charges	-	-	1,886	21
Reimbursements	-	-	-	122
Police Vehicle Provision	-	-	-	-
Truck Purchase Provision	-	-	-	-
Police Contributions	-	-	3,798	1,750
Insurance Reimbursement	-	-	-	24,476
Impact Fee Account Interest	105	105	69	58
Total Miscellaneous	5,055	5,055	11,783	29,985
TOTAL GENERAL FUND REVENUES	\$ 868,955	\$ 868,955	\$ 884,267	\$ 908,146

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
Administration and Finance				
Salaries & Benefits				
Salaries - Board Members	\$ 13,200	\$ 13,200	\$ 11,640	\$ 15,760
Liquor Commissioner Salary	-	-	500	-
Salaries - Village Finance	22,000	22,000	24,663	26,382
Payroll Taxes	2,700	2,700	2,193	3,224
Unemployment Taxes	900	900	-	1,053
IMRF Pension	2,200	2,200	3,840	3,124
Life Insurance	150	150	111	-
Health Insurance	6,000	6,000	4,017	-
Employee Appreciation	250	250	250	400
Total Salaries and Benefits	47,400	47,400	47,214	49,943
Contractual Services				
Repairs & Maint - Equipment	1,200	1,200	447	1,256
Maintenance/Cleaning	800	800	383	972
Legal Expense	27,000	27,000	33,931	34,475
Adjudication Expense	7,000	7,000	5,368	6,066
Treasurer/Accounting Expense	9,000	9,000	9,605	6,000
Audit Expense	9,000	9,000	9,100	8,900
Permit Inspections - ICCI	8,000	8,000	3,790	7,622
Permit Inspections - Village	-	-	-	-
Engineering Expense	1,000	1,000	-	570
Codification	2,500	2,500	2,342	2,525
IML/Training	6,000	6,000	3,853	8,406
Telephone	3,000	3,000	2,551	3,854
Telephone Notification System	1,570	1,570	1,145	1,570
Internet Service	750	750	1,188	544
E Worldlinx Web	1,480	1,480	1,479	1,279
Insurance & Bonds	32,500	32,500	32,025	31,948
Postage	700	700	107	287
Printing & Publishing	800	800	701	424
Dues & Subscriptions	2,200	2,200	2,670	1,953
Total Contractual Services	114,500	114,500	110,685	118,651
Materials & Supplies				
Tools/Equipment	-	-	-	-
Office Supplies	2,000	2,000	2,166	1,918
New Equipment	-	-	-	-
Total Materials and Supplies	2,000	2,000	2,166	1,918

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
GENERAL GOVERNMENT (Continued)				
Administration and Finance (Continued)				
Miscellaneous				
Sales Tax Reimbursement	\$ 10,000	\$ 10,000	\$ 8,166	\$ 7,046
Revenue Audit Reimbursement	500	500	471	417
Lions Club Donation	-	-	2,500	2,500
Contingency	700	700	804	534
Total Miscellaneous	11,200	11,200	11,941	10,497
Total Administration and Finance	175,100	175,100	172,006	181,009
Impact Fee Account				
Miscellaneous				
Street Improvements	-	-	-	-
Total Impact Fee Account	-	-	-	-
Total General Government	175,100	175,100	172,006	181,009
PUBLIC SAFETY				
Police Department				
Salaries & Benefits				
Police F/T Salaries	102,000	102,000	101,936	147,987
Police P/T Salaries	65,000	65,000	71,408	57,353
Police Special Activity Pay	-	-	-	8,879
Police Salaries - TIF District	-	-	-	-
Police Overtime	4,000	4,000	2,182	7,848
Police Holiday Pay	2,000	2,000	5,823	1,324
Payroll Taxes	14,200	14,200	11,013	17,089
IMRF Pension	14,500	14,500	10,966	18,795
Life Insurance	540	540	460	534
Health Insurance	14,000	14,000	9,214	21,376
Total Salaries and Benefits	216,240	216,240	213,002	281,185
Contractual Services				
Repairs & Maint - Equipment	6,000	6,000	4,596	1,804
Dues & Training	5,000	5,000	3,933	4,799
Telephone	3,000	3,000	3,832	5,742
Alerts/PSAN/IPIPS	5,650	5,650	5,034	2,568
911 Dispatch Fee	15,250	15,250	30,681	14,698

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
Total Contractual Services	34,900	34,900	48,076	29,611
PUBLIC SAFETY (Continued)				
Police Department (Continued)				
Materials and Supplies				
Police Supplies	\$ 3,500	\$ 3,500	\$ 2,584	\$ 3,140
Police Materials	2,500	2,500	2,419	1,047
DARE Supplies	1,000	1,000	882	1,609
Police Equipment	-	-	-	816
Automotive Fuel	9,000	9,000	8,305	6,208
Uniforms	2,000	2,000	1,792	826
Total Materials and Supplies	18,000	18,000	15,982	13,646
Miscellaneous				
Other Expenditures	13,500	13,500	349	-
Equipment leasing	-	-	4,804	-
Contingency	250	250	-	-
Total Miscellaneous	13,750	13,750	5,153	-
Capital Outlay				
Vehicles	25,000	25,000	34,200	-
Equipment	-	-	3,314	-
Total Capital Outlay	25,000	25,000	37,514	-
Total Public Safety	307,890	307,890	319,727	324,442
HIGHWAYS AND STREETS				
Street Department				
Salaries & Benefits				
Streets F/T Salaries	32,800	32,800	28,140	43,584
Streets P/T Salaries	24,100	24,100	26,426	4,693
Streets Overtime	2,000	2,000	2,519	1,223
Payroll Taxes	4,330	4,330	2,955	4,196
IMRF Pension	2,800	2,800	5,682	6,167
Life Insurance	300	300	326	200
Health Insurance	7,200	7,200	1,449	10,149
Total Salaries and Benefits	73,530	73,530	67,497	70,212
Contractual Services				
Repairs & Maint - Equipment	\$ 15,500	\$ 15,500	\$ 18,101	\$ 14,482
Repairs & Maint - Streets	7,000	7,000	6,639	3,981

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018		2017 Actual
	Original Budget	Final Budget	
Repairs - Street Lights	500	500	145
Forestry Maintenance	13,500	13,500	18,413
Dues & Training	1,000	1,000	103
Electric - Street Lights	13,250	13,250	15,628
Total Contractual Services	50,750	50,750	52,752
Materials and Supplies			
Tools/Equipment	2,000	2,000	564
Street Decorations	100	100	618
Automotive Fuel	3,400	3,400	2,698
Mosquito Abatement	2,500	2,500	1,051
Total Materials and Supplies	8,000	8,000	4,931
Miscellaneous			
Sidewalk Construction	8,000	8,000	-
Street maintenance	-	-	19,500
Pioneer Park Improvements	500	500	9
Bull Run Creek IDNR Improvements	-	-	1,030
Other Expenditures	16,000	16,000	600
Contingency	200	200	-
Total Miscellaneous	24,700	24,700	21,139
Capital Outlay			
Equipment	28,700	28,700	-
Total Capital Outlay	28,700	28,700	-
Total Street Department	185,680	185,680	149,034
Total Highways and Streets	185,680	185,680	149,034
SANITATION			
Contractual Services			
Garbage Collection	154,600	154,600	146,990
Total Sanitation	154,600	154,600	146,990
CAPITAL OUTLAY			
Bull Run Creek IDNR Improvements	-	-	-
Street Improvements	53,500	53,500	-
Park Improvements	4,000	4,000	-

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018			2017 Actual
	Original Budget	Final Budget	Actual	
Total Capital Outlay	57,500	57,500	-	-
DEBT SERVICE				
Bull Run Creek Property Loan	35,536	35,536	35,535	35,535
Bull Run Creek Construction Loan	-	-	-	-
Total Debt Service	35,536	35,536	35,535	35,535
TOTAL EXPENDITURES	\$ 916,306	\$ 916,306	\$ 880,027	\$ 837,010

DRAFT

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL

TAX INCREMENTAL FINANCING FUND

For the Year Ended April 30, 2018
(with comparative actual for 2017)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
GENERAL GOVERNMENT				
TIF Consultant	\$ 750	\$ 750	\$ -	\$ 1,250
Miscellaneous Expense	15,300	15,300	8,104	345
Other Services	1,200	1,200	-	3,700
School District 426 Safety Projects	120,000	120,000	11,554	156,000
Library Repairs	6,500	6,500	6,265	7,064
Veterans Memorial	-	-	-	-
Warning Siren Maintenance	1,200	1,200	1,170	1,140
Tree removal	12,500	12,500	-	4,850
Property Taxes Reimbursements	7,000	7,000	7,623	7,400
Total General Government	164,450	164,450	34,716	181,749
PUBLIC SAFETY				
TIF District - Police Services	-	-	-	-
Total Public Safety	-	-	-	-
HIGHWAYS AND STREETS				
Repairs & Maintenance	286,400	286,400	355,958	-
Total Highway and Streets	286,400	286,400	355,958	-
CAPITAL OUTLAY				
General Capital Assets				
Village Improvements	55,000	55,000	8,875	-
Infrastructure	-	-	20,556	-
Total General Capital Assets	55,000	55,000	29,431	-
Proprietary Funds Capital Assets				
Treatment Plant Roof	32,000	32,000	16,300	-
Proprietary Funds Capital Outlay Reclassified	-	-	-	-
Total Capital Outlay	87,000	87,000	45,731	-
TOTAL EXPENDITURES BEFORE TRANSFERS	537,850	537,850	436,405	181,749
TRANSFERS				
Transfer To Water & Sewer Fund	\$ -	\$ -	\$ -	\$ -
Total Transfers	-	-	-	-
TOTAL EXPENDITURES AND TRANSFERS	\$ 537,850	\$ 537,850	\$ 436,405	\$ 181,749

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, 2018
(with comparative actual for 2017)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
REVENUES				
Intergovernmental Revenues				
Federal Grant	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Capital Outlay				
Bull Run Creek Property	-	-	-	-
Bull Run Creek Property Construction	-	-	-	-
Total Expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, MAY 1			-	-
FUND BALANCE, APRIL 30			\$ -	\$ -

(See Notes to Required Supplementary Information.)

VILLAGE OF KIRKLAND, ILLINOIS

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUND - WATER AND SEWER FUND BY SUBACCOUNT

April 30, 2018

	Water & Sewer Operating Account	Water Improvement Account	Sewer Improvement Account	2018 Total
ASSETS				
Current Assets				
Cash and Investments	\$ 113,915	\$ 202,976	\$ 158,863	\$ 475,754
Water and Sewer Accounts Receivable	51,072	-	-	51,072
Due From Other Funds	6,917	-	-	6,917
Proprietary Fund - Internal Accounts	-	-	-	-
Total Current Assets	<u>171,904</u>	<u>202,976</u>	<u>158,863</u>	<u>533,743</u>
Non-Current Assets				
Net Pension Asset	25,201	-	-	25,201
Capital Assets				
Net Of Accumulated Depreciation	<u>1,446,638</u>	<u>-</u>	<u>-</u>	<u>1,446,638</u>
Total Non-Current Assets	<u>1,471,839</u>	<u>-</u>	<u>-</u>	<u>1,471,839</u>
Total Assets	<u>1,643,743</u>	<u>202,976</u>	<u>158,863</u>	<u>2,005,582</u>
DEFERRED OUTFLOWS				
Pension Related	<u>9,774</u>	<u>-</u>	<u>-</u>	<u>9,774</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	13,210	-	-	13,210
Accrued Payroll	2,607	-	-	2,607
Due To Other Funds	-	-	-	-
Total Current Liabilities	<u>15,817</u>	<u>-</u>	<u>-</u>	<u>15,817</u>
Non-Current Liabilities				
Net Pension Liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>15,817</u>	<u>-</u>	<u>-</u>	<u>15,817</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related	<u>59,809</u>	<u>-</u>	<u>-</u>	<u>59,809</u>
NET POSITION				
Net Investment In Capital Assets	1,446,638	-	-	1,446,638
Unrestricted	<u>131,253</u>	<u>202,976</u>	<u>158,863</u>	<u>493,092</u>
Total Net Position	<u>\$ 1,577,891</u>	<u>\$ 202,976</u>	<u>\$ 158,863</u>	<u>\$ 1,939,730</u>

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, 2018

	Water & Sewer Operating Account	Water Improvement Account	Sewer Improvement Account	2018 Total
OPERATING REVENUES				
Charges for Services				
Water and Sewer Charges	\$ 326,259	\$ -	\$ -	\$ 326,259
Total Operating Revenues	326,259	-	-	326,259
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Water & Sewer Operations	261,297	1,499	5,792	268,588
Total Operating Expenses Excluding Depreciation	261,297	1,499	5,792	268,588
OPERATING INCOME (EXPENSES) BEFORE DEPRECIATION				
	64,962	(1,499)	(5,792)	57,671
DEPRECIATION				
	83,828	-	-	83,828
OPERATING INCOME (LOSS)				
	(18,866)	(1,499)	(5,792)	(26,157)
NON-OPERATING REVENUES				
Investment Income	-	95	77	172
Total Non-Operating Revenues (Expenses)	-	95	77	172
INCOME BEFORE TRANSFERS				
	(18,866)	(1,404)	(5,715)	(25,985)
TRANSFERS				
Transfers From (To) Other Funds Or Subaccounts				
Water Improvement Subaccount	-	-	-	-
Total Transfers	-	-	-	-
CHANGE IN NET POSITION				
	(18,866)	(1,404)	(5,715)	(25,985)
NET POSITION, MAY 1,				
	1,596,757	204,380	164,578	1,965,715
NET POSITION, APRIL 30				
	<u>\$ 1,577,891</u>	<u>\$ 202,976</u>	<u>\$ 158,863</u>	<u>\$ 1,939,730</u>

VILLAGE OF KIRKLAND, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUND - WATER AND SEWER FUND BY SUBACCOUNT

For the Year Ended April 30, 2018

	Water & Sewer Operating Account	Water Improvement Account	Sewer Improvement Account	2018 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Customers	\$ 327,277	\$ -	\$ -	\$ 327,277
Payments To Suppliers	(109,567)	(1,499)	(5,792)	(116,858)
Payments To Employees	(180,665)	-	-	(180,665)
Net Cash From Operating Activities	<u>37,045</u>	<u>(1,499)</u>	<u>(5,792)</u>	<u>29,754</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(27,190)	-	-	(27,190)
Transfer From Tax Incremental Financing Fund	-	-	-	-
Other Funds Due To/From	(18,664)	-	-	(18,664)
Proprietary Fund Interaccount Due To/Due From	-	-	-	-
Proprietary Fund Interaccount Transfers	-	-	-	-
Net Cash From Capital and Related Financing Activities	<u>(45,854)</u>	<u>-</u>	<u>-</u>	<u>(45,854)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	-	95	77	172
Net Cash From Investing Activities	<u>-</u>	<u>95</u>	<u>77</u>	<u>172</u>
NET INCREASE IN CASH	(8,809)	(1,404)	(5,715)	(15,928)
CASH, MAY 1	<u>122,724</u>	<u>204,380</u>	<u>164,578</u>	<u>491,682</u>
CASH, APRIL 30	<u>\$ 113,915</u>	<u>\$ 202,976</u>	<u>\$ 158,863</u>	<u>\$ 475,754</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (18,866)	\$ (1,499)	\$ (5,792)	\$ (26,157)
Depreciation	83,828	-	-	83,828
Adjustments To Reconcile Operating Income (Loss) To Net Cash From Operating Activities				
Accounts Receivable	1,018	-	-	1,018
Accounts Payable	4,706	-	-	4,706
Accrued Payroll	450	-	-	450
Pension Expense	(34,091)	-	-	(34,091)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 37,045</u>	<u>\$ (1,499)</u>	<u>\$ (5,792)</u>	<u>\$ 29,754</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, 2018
(with comparative actual for 2017)

	2018		2017 Actual
	Original Budget	Final Budget	
OPERATING REVENUES			
Charges For Services			
Water and Sewer Charges	\$ 332,000	\$ 332,000	\$ 326,259
Miscellaneous			
Reimbursements	1,000	1,000	-
Total Operating Revenues	<u>333,000</u>	<u>333,000</u>	<u>326,259</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Water & Sewer Operating Expenses	<u>301,700</u>	<u>301,700</u>	<u>261,297</u>
Total Operating Expenses Excluding Depreciation	<u>301,700</u>	<u>301,700</u>	<u>261,297</u>
OPERATING INCOME (EXPENSES) EXCLUDING DEPRECIATION	<u>31,300</u>	<u>31,300</u>	<u>64,962</u>
DEPRECIATION	<u>-</u>	<u>-</u>	<u>83,828</u>
OPERATING INCOME (LOSS)	<u>31,300</u>	<u>31,300</u>	<u>(18,866)</u>
TRANSFERS			
Transfers From (To) Other Funds Or Subaccounts			
From Tax Incremental Financing Fund	-	-	-
From Water Improvement Subaccount	-	-	-
From Sewer Improvement Subaccount	-	-	-
To Water Improvement Subaccount	(17,750)	(17,750)	-
Total Transfers	<u>(17,750)</u>	<u>(17,750)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ 13,550</u>	<u>\$ 13,550</u>	<u>(18,866)</u>
NET POSITION, MAY 1,			<u>1,596,757</u>
NET POSITION, APRIL 30			<u>\$ 1,577,891</u>
			<u>\$ 1,596,757</u>

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, 2018
(with comparative actual for 2017)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
OPERATING EXPENSES				
Salaries & Benefits				
Water & Sewer F/T Salaries	\$ 91,900	\$ 91,900	\$ 87,994	\$ 108,535
Water & Sewer P/T Maintenance	38,000	38,000	45,122	5,869
Water & Sewer P/T Billing	-	-	-	16,651
Water & Sewer Overtime	2,000	2,000	2,716	1,661
Payroll Taxes	10,200	10,200	7,886	9,743
IMRF Pension	4,200	4,200	5,635	8,045
Pension Expense	-	-	(34,091)	-
Life Insurance	500	500	349	534
Health Insurance	28,800	28,800	31,413	21,855
Total Salaries & Benefits	175,600	175,600	147,024	172,893
Contractual Services				
Repairs & Maint - Water	6,750	6,750	5,931	4,856
Maint - Truck & Tractor	2,000	2,000	3,423	314
Repairs & Maint - Sewer	7,000	7,000	5,778	10,516
Meter Repair	4,000	4,000	206	3,353
Repairs & Maint - Treatment	4,000	4,000	2,401	1,651
Dues & Training	1,100	1,100	1,222	940
Electric - Water	34,500	34,500	41,995	29,897
Heat - Sewer Plant	1,200	1,200	2,002	951
Telephone	3,000	3,000	2,438	2,826
Internet Expense	700	700	704	686
Property/Liability Insurance	17,400	17,400	17,787	16,175
Postage	2,100	2,100	2,848	1,224
Printing & Publishing	1,600	1,600	664	849
Testing - Water	7,800	7,800	3,545	3,255
Testing - Treatment	4,100	4,100	2,175	480
JULIE	750	750	784	706
Total Contractual Services	98,000	98,000	93,903	78,679
Materials and Supplies				
Materials & Supplies - Water	9,200	9,200	2,458	7,622
Materials & Supplies - Sewer	750	750	765	-
Materials & Supplies - Treatment	3,000	3,000	2,823	2,141
Lab Supplies	3,400	3,400	2,229	644
Water Billing Software	2,700	2,700	2,711	2,661
Tools/Equip - Water	750	750	880	599
Tools/Equip - Sewer	300	300	95	-
Tools/Equip - Treatment	300	300	215	-
Automotive Fuel	2,200	2,200	3,940	1,501
Uniforms	2,000	2,000	1,351	2,098
Total Materials and Supplies	24,600	24,600	17,467	17,266

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, 2018
(with comparative actual for 2017)

	2018		2017 Actual
	Original Budget	Final Budget	
OPERATING EXPENSES (Continued)			
Capital Outlay			
Equipment	400	400	-
Sewer - Lift Station Pump	-	-	-
Treatment - Equipment	-	-	-
Capital Outlay Capitalized	-	-	-
Total Capital Outlay	400	400	-
Miscellaneous Expense			
NPDES Permit	2,500	2,500	2,500
Lease - Property	400	400	403
Other Expense	200	200	-
Total Miscellaneous Expense	3,100	3,100	2,903
Total Water and Sewer Expenses Before Depreciation	301,700	301,700	261,297
Depreciation Expense	-	-	83,828
TOTAL OPERATING EXPENSES	301,700	301,700	345,125
TRANSFERS			
Transfer To Water Improvement Subaccount	17,750	17,750	-
Total Transfers	17,750	17,750	-
TOTAL OPERATING EXPENDITURES	\$ 319,450	\$ 319,450	\$ 345,125

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, 2018
(with comparative actual for 2017)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges For Services				
Water and Sewer Charges	\$ 1,000	\$ 1,000	\$ -	\$ -
Total Operating Revenues	1,000	1,000	-	-
OPERATING EXPENSES				
Water Operations				
Water Tank Engineering	-	-	-	-
Water Main Improvements	-	-	-	-
Engineering	5,000	5,000	1,499	5,000
Water Capital Outlay Capitalized	-	-	-	-
Total Operating Expenses	5,000	5,000	1,499	5,000
OPERATING INCOME (LOSS)	(4,000)	(4,000)	(1,499)	(5,000)
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	100	100	95	102
Total Non-Operating Revenues (Expenses)	100	100	95	102
TRANSFERS				
Transfer From Water and Sewer Operating	17,750	17,750	-	-
Transfer (To) Water and Sewer Operating	-	-	-	-
Total Transfers	17,750	17,750	-	-
CHANGE IN NET POSITION	\$ 13,850	\$ 13,850	(1,404)	(4,898)
NET POSITION, MAY 1			204,380	209,278
NET POSITION, APRIL 30			\$ 202,976	\$ 204,380

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, 2018
(with comparative actual for 2017)

	2018		Actual	2017 Actual
	Original Budget	Final Budget		
OPERATING REVENUES				
Charges for Services				
Water and Sewer Charges	\$ -	\$ -	\$ -	\$ -
Total Operating Revenues	-	-	-	-
OPERATING EXPENSES				
Sewer Operations				
Sewer Improvements	89,500	89,500	32,982	4,950
Sewer Improvements Capitalized	-	-	(27,190)	-
Total Sewer Operating Expenses	89,500	89,500	5,792	4,950
OPERATING INCOME	(89,500)	(89,500)	(5,792)	(4,950)
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	85	85	77	83
Total Non-Operating Revenues (Expenses)	85	85	77	83
TRANSFERS				
Transfer (To) Water and Sewer Operating	-	-	-	-
Total Transfers	-	-	-	-
CHANGE IN NET POSITION	\$ (89,415)	\$ (89,415)	(5,715)	(4,867)
NET POSITION, MAY 1			164,578	169,445
NET POSITION, APRIL 30			\$ 158,863	\$ 164,578

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF GENERAL CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

For the Year Ended April 30, 2018

	Capital Assets				Accumulated Depreciation				Net Capital Assets
	Balances		Retirements	Balances	Balances		Retirements	Balances	
	May 1	Additions		April 30	May 1	Provisions		April 30	
GENERAL GOVERNMENT									
Buildings and Improvements	\$ 722,934	\$ 16,300	\$ -	\$ 739,234	\$ 164,723	\$ 13,555	\$ -	\$ 178,278	\$ 560,956
Equipment	16,883	4,745	-	21,628	5,613	1,889	-	7,502	14,126
Total General Government	739,817	21,045	-	760,862	170,336	15,444	-	185,780	575,082
PUBLIC SAFETY									
Equipment & Vehicles	114,707	34,200	24,000	124,907	83,996	13,069	24,000	73,065	51,842
Total Public Safety	114,707	34,200	24,000	124,907	83,996	13,069	24,000	73,065	51,842
HIGHWAYS AND STREETS									
Equipment & Vehicles	211,468	13,300	-	224,768	146,188	10,185	-	156,373	68,395
Pioneer Park Improvements	42,853	-	-	42,853	38,592	2,741	-	41,333	1,520
Infrastructure	1,336,113	355,958	-	1,692,071	404,790	50,141	-	454,931	1,237,140
Total Highways and Streets	1,590,434	369,258	-	1,959,692	589,570	63,067	-	652,637	1,307,055
TOTAL CAPITAL ASSETS	\$2,444,958	\$ 424,503	\$ 24,000	\$2,845,461	\$ 843,902	\$ 91,580	\$ 24,000	\$ 911,482	\$1,933,979
CAPITAL ASSETS SUMMARY									
Buildings and Improvements	\$ 722,934	\$ 16,300	\$ -	\$ 739,234	\$ 164,723	\$ 13,555	\$ -	\$ 178,278	\$ 560,956
Equipment	16,883	4,745	-	21,628	5,613	1,889	-	7,502	14,126
Equipment & Vehicles	326,175	47,500	24,000	349,675	230,184	23,254	24,000	229,438	120,237
Pioneer Park Improvements	42,853	-	-	42,853	38,592	2,741	-	41,333	1,520
Infrastructure	1,336,113	355,958	-	1,692,071	404,790	50,141	-	454,931	1,237,140
TOTAL CAPITAL ASSETS	\$2,444,958	\$ 424,503	\$ 24,000	\$2,845,461	\$ 843,902	\$ 91,580	\$ 24,000	\$ 911,482	\$1,933,979

VILLAGE OF KIRKLAND, ILLINOIS

SCHEDULE OF WATER AND SEWER CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

For the Year Ended April 30, 2018

	Capital Assets				Accumulated Depreciation				Net Capital Assets
	Balances		Retirements	Balances	Balances		Retirements	Balances	
	May 1	Additions		April 30	May 1	Provisions		April 30	
EQUIPMENT									
Equipment	\$ 347,271	\$ 27,190	\$ -	\$ 374,461	\$ 155,338	\$ 14,268	\$ -	\$ 169,606	\$ 204,855
Total Equipment	347,271	27,190	-	374,461	155,338	14,268	-	169,606	204,855
VEHICLES									
Vehicles	131,180	-	-	131,180	44,993	4,925	-	49,918	81,262
Total Vehicles	131,180	-	-	131,180	44,993	4,925	-	49,918	81,262
DISTRIBUTION SYSTEM									
Water System	915,048	-	-	915,048	354,874	26,082	-	380,956	534,092
Sewer System	787,880	-	-	787,880	314,300	16,160	-	330,460	457,420
Sewer Treatment Plant	1,038,181	-	-	1,038,181	846,779	22,393	-	869,172	169,009
Total Water & Sewer System	2,741,109	-	-	2,741,109	1,515,953	64,635	-	1,580,588	1,160,521
TOTAL CAPITAL ASSETS	\$3,219,560	\$ 27,190	\$ -	\$3,246,750	\$1,716,284	\$ 83,828	\$ -	\$1,800,112	\$1,446,638
CAPITAL ASSETS SUMMARY									
Equipment	\$ 347,271	\$ 27,190	\$ -	\$ 374,461	\$ 155,338	\$ 14,268	\$ -	\$ 169,606	\$ 204,855
Vehicles	131,180	-	-	131,180	44,993	4,925	-	49,918	81,262
Water System	915,048	-	-	915,048	354,874	26,082	-	380,956	534,092
Sewer System	787,880	-	-	787,880	314,300	16,160	-	330,460	457,420
Sewer Treatment Plant	1,038,181	-	-	1,038,181	846,779	22,393	-	869,172	169,009
TOTAL CAPITAL ASSETS	\$3,219,560	\$ 27,190	\$ -	\$3,246,750	\$1,716,284	\$ 83,828	\$ -	\$1,800,112	\$1,446,638

VILLAGE OF KIRKLAND, ILLINOIS
 ASSESSED 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
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
2009	28,466,081	2,155,445	26,437	87,270	30,735,233	92,205,699	0.57125	175,575
2008	28,861,002	2,141,807	26,437	111,740	31,140,986	93,422,958	0.56280	175,261

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	2013	2014	2015	2016
VILLAGE DIRECT RATES				
General Corporate	\$ 0.39099	\$ 0.36733	\$ 0.36098	\$ 0.34492
Police Protection	0.39102	0.45919	0.48132	0.45991
Audit	0.02328	0.02297	0.02407	0.02300
Liability Insurance	<u>0.09311</u>	<u>0.09185</u>	<u>0.09627</u>	<u>0.09199</u>
TOTAL VILLAGE DIRECT RATES	<u>\$ 0.89840</u>	<u>\$ 0.94134</u>	<u>\$ 0.96264</u>	<u>\$ 0.91982</u>
OVERLAPPING RATES				
Kishwaukee Community College No. 523	\$ 0.72938	\$ 0.71234	\$ 0.69723	\$ 0.66998
County of DeKalb	1.20126	1.24825	1.23640	1.14289
DeKalb County Forest Preserve District	0.08521	0.08761	0.08530	0.07990
Franklin Cemetery	0.07651	0.07900	0.08019	0.07829
Franklin Road and Bridge	0.57495	0.59025	0.47766	0.45815
Franklin Township	0.25506	0.26335	0.26731	0.26098
Franklin Twp Park District	0.09534	0.09845	0.09993	0.09756
Franklin Fire District	0.51788	0.52569	0.52780	0.51037
Kirkland Library	0.22032	0.23085	0.23607	0.22557
Hiawatha School District 426	5.92226	6.03921	6.34142	6.44019
Village of Kirkland	<u>0.89840</u>	<u>0.94134</u>	<u>0.96264</u>	<u>0.91982</u>
TOTAL PROPERTY TAX RATE	<u>\$ 10.57657</u>	<u>\$ 10.81634</u>	<u>\$ 11.01195</u>	<u>\$ 10.88370</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	2013	2014	2015	2016	2017
ASSESSED VALUATION					
Kirkland TIF District	\$ 2,017,807	\$ 1,846,907	\$ 1,960,722	\$ 2,356,014	\$ 2,367,873
PROPERTY TAX RATES					
Kishwaukee Community College No. 523	\$ 0.72938	\$ 0.71234	\$ 0.69723	\$ 0.66998	\$ 0.66690
County of DeKalb	1.20126	1.24825	1.23640	1.14289	1.12014
DeKalb County Forest Preserve District	0.08521	0.08761	0.08530	0.07990	0.07831
Franklin Cemetery	0.07651	0.07900	0.08019	0.07829	0.07741
Franklin Road and Bridge	0.57495	0.59025	0.47766	0.45815	0.44360
Franklin Township	0.25506	0.26335	0.26731	0.26098	0.25804
Franklin Twp Park District	0.09534	0.09845	0.09993	0.09756	0.09646
Franklin Fire District	0.51788	0.52569	0.52780	0.51037	0.50508
Kirkland Library	0.22032	0.23085	0.23607	0.22557	0.22375
Hiawatha School District 426	5.92226	6.03921	6.34142	6.44019	6.30968
Village of Kirkland	0.89840	0.94134	0.96264	0.91982	0.91240
Total Property Tax Rate	\$ 10.57657	\$ 10.81634	\$ 11.01195	\$ 10.88370	\$ 10.69177
TIF DISTRICT TAX LEVIES					
Kishwaukee Community College No. 523	\$ 14,718	\$ 13,156	\$ 13,671	\$ 15,785	\$ 15,791
County of DeKalb	24,239	23,054	24,242	26,927	26,523
DeKalb County Forest Preserve District	1,719	1,618	1,672	1,882	1,854
Franklin Cemetery	1,544	1,459	1,572	1,845	1,833
Franklin Road and Bridge	11,600	10,901	9,366	10,794	10,504
Franklin Township	5,147	4,864	5,241	6,149	6,110
Franklin Twp Park District	1,924	1,818	1,959	2,299	2,284
Franklin Fire District	10,450	9,709	10,349	12,024	11,960
Kirkland Library	4,446	4,264	4,629	5,314	5,298
Hiawatha School District 426	119,500	111,539	124,338	151,732	149,405
Village of Kirkland	18,128	17,386	18,875	21,671	21,604
Total TIF District Tax Levies	\$ 213,415	\$ 199,768	\$ 215,914	\$ 256,422	\$ 253,166

Data Source

Office of the County Clerk



Independent Accountant's Report

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

We have examined the Village of Kirkland, Illinois' (the "Village") compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2018. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

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

In our opinion, the Village of Kirkland, Illinois, complied, in all material respects, with the aforementioned requirements for the year ended April 30, 2018.

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

Wipfli LLP

Rockford, Illinois
November 3, 2018