

VILLAGE OF KIRKLAND, ILLINOIS

ANNUAL FINANCIAL REPORT

**For the Year Ended
April 30, 2018**

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 |

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

Board of Trustees
Village of Kirkland, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Village of Kirkland, Illinois as of and for the year ended April 30, 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.

Wipfli LLP

Rockford, Illinois
December 17, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

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 | 1,504,084 | 1,526,961 |
| 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 | | Actual | 2017 Actual |
|--|--------------------|--------------------|-------------------|-------------------|
| | Original Budget | Final Budget | | |
| 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

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> | <u>-</u> | <u>-</u> |
| Total Business-Type Activities | <u>352,416</u> | <u>326,259</u> | <u>-</u> | <u>-</u> |
| TOTAL PRIMARY GOVERNMENT | <u><u>\$ 1,411,621</u></u> | <u><u>\$ 514,952</u></u> | <u><u>\$ 44,530</u></u> | <u><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) |
| | <u>(825,982)</u> | <u>-</u> | <u>(825,982)</u> |
| | - | (26,157) | (26,157) |
| | - | (26,157) | (26,157) |
| | <u>(825,982)</u> | <u>(26,157)</u> | <u>(852,139)</u> |
| 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 | <u>966,407</u> | <u>172</u> | <u>966,579</u> |
| CHANGE IN NET POSITION | <u>140,425</u> | <u>(25,985)</u> | <u>114,440</u> |
| NET POSITION, MAY 1 | <u>2,565,037</u> | <u>1,965,715</u> | <u>4,530,752</u> |
| NET POSITION, APRIL 30 | <u>\$ 2,705,462</u> | <u>\$ 1,939,730</u> | <u>\$ 4,645,192</u> |

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 | \$ 844,666 | \$ 220,373 | \$ 521,434 | \$ - | \$ - | \$ 1,586,473 |
| 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 | 91,971 | 15,780 | 7,623 | - | - | 115,374 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable Revenue - Property Taxes | 210,820 | - | 289,350 | - | - | 500,170 |
| Unavailable Revenue - Other Taxes | - | - | - | - | - | - |
| Total Deferred Inflows Of Resources | 210,820 | - | 289,350 | - | - | 500,170 |
| Total Liabilities and Deferred Inflows of Resources | 302,791 | 15,780 | 296,973 | - | - | 615,544 |
| 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 | 541,875 | 204,593 | 224,461 | - | - | 970,929 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 844,666 | \$ 220,373 | \$ 521,434 | \$ - | \$ - | \$ 1,586,473 |

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 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | |
| <p>Deferred Resources in governmental activities are not financial resources and, therefore are not reported in the Governmental Funds.</p> | |
| Long -Term Receivables | - |
| Deferred Outflows Related to Pensions | 35,530 |
| <p>Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental Funds</p> | |
| | 1,933,979 |
| <p>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:</p> | |
| 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> |

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

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

For the Year Ended April 30, 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 |
|--------------------------------------|-----------------------------------|
| | <u>Water and Sewer System</u> |
| ASSETS | |
| Current Assets | |
| Cash | \$ 475,754 |
| Receivables | |
| Accounts - Billed and Unbilled | 51,072 |
| Due From Other Funds | <u>6,917</u> |
| Total Current Assets | <u>533,743</u> |
| Non-Current Assets | |
| Net Pension Asset | 25,201 |
| Capital Assets | |
| Net of Accumulated Depreciation | <u>1,446,638</u> |
| Total Non-Current Assets | <u>1,471,839</u> |
| Total Assets | <u>2,005,582</u> |
| DEFERRED OUTFLOWS | |
| Pension Related | <u>9,774</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 13,210 |
| Accrued Payroll | 2,607 |
| Due To Other Funds | <u>-</u> |
| Total Current Liabilities | <u>15,817</u> |
| Non-Current Liabilities | |
| Net Pension Liability | <u>-</u> |
| Total Liabilities | <u>15,817</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension Related | <u>59,809</u> |
| NET POSITION | |
| Net Investment In Capital Assets | 1,446,638 |
| Unrestricted | <u>493,092</u> |
| TOTAL NET POSITION | <u>\$ 1,939,730</u> |

See Notes to Financial Statements.

VILLAGE OF KIRKLAND, ILLINOIS

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

For the Year Ended April 30, 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 | 2,903 |
| 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 <u>Water and Sewer System</u> |
|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts From Customers | \$ 327,277 |
| Payments To Suppliers | (116,858) |
| Payments To Employees | <u>(180,665)</u> |
| Net Cash From Operating Activities | <u>29,754</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchase of Capital Assets | (27,190) |
| General Fund Due To/From | <u>(18,664)</u> |
| Net Cash From Capital and Related Financing Activities | <u>(45,854)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest Received | <u>172</u> |
| Net Cash From Investing Activities | <u>172</u> |
| NET INCREASE (DECREASE) IN CASH | (15,928) |
| CASH, MAY 1 | <u>491,682</u> |
| CASH, APRIL 30 | <u><u>\$ 475,754</u></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 | <u>(34,091)</u> |
| NET CASH FROM OPERATING ACTIVITIES | <u><u>\$ 29,754</u></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>-</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>-</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 | | | Total |
|---|-------------|------------------|-----------------|------------------|
| | April 30 | Principal | Interest | Payments |
| Installment Loan Alpine Bank | 2019 | \$ 33,215 | \$ 2,320 | \$ 35,535 |
| | 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 DeKalb County Sheriff | 2019 | - | - | - |
| | 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 | 17 |

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

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 | | Actual | 2017 Actual |
|--|--------------------|--------------------|-------------------|-------------------|
| | Original Budget | Final Budget | | |
| 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 | | 2017 Actual | |
|--|---------------------|---------------------|-------------------|-------------------|
| | Original Budget | Final Budget | | Actual |
| 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 Expexted 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 Supplemntary 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

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 Actual |
|---|--------------------|-----------------|----------------|
| | Original Budget | Final Budget | |
| REVENUES | | | |
| Taxes | | | |
| Property | \$ 199,100 | \$ 199,100 | \$ 198,996 |
| Road and Bridge | 6,200 | 6,200 | 6,264 |
| Utility | 93,500 | 93,500 | 104,924 |
| Sales | 125,000 | 125,000 | 153,485 |
| Total Taxes | 423,800 | 423,800 | 463,669 |
| Licenses and Permits | | | |
| Liquor Licenses | 6,200 | 6,200 | 4,525 |
| Other Licenses | 300 | 300 | 50 |
| Building Permits | 10,000 | 10,000 | 5,016 |
| Golf Cart Permits | 500 | 500 | 550 |
| Cable TV Franchise | 2,100 | 2,100 | - |
| Total Licenses and Permits | 19,100 | 19,100 | 10,141 |
| Intergovernmental Revenue | | | |
| State Shared Taxes | | | |
| State Income Tax | 165,000 | 165,000 | 158,149 |
| State Use Tax | 44,100 | 44,100 | 45,873 |
| Personal Property Replacement Tax | 2,800 | 2,800 | 2,767 |
| Video Gaming Tax | 8,000 | 8,000 | 8,504 |
| Police Grants | - | - | - |
| Police DEA Project Distributions | - | - | - |
| Total Intergovernmental Revenue | 219,900 | 219,900 | 215,293 |
| Service Charges | | | |
| Garbage Fees | 154,600 | 154,600 | 153,501 |
| Police Reimbursements | - | - | - |
| TIF District Police Services | - | - | - |
| Reclassify TIF District Police Services | - | - | - |
| Total Service Charges | 154,600 | 154,600 | 153,501 |
| Fines and Forfeits | | | |
| Ordinance Fines | 45,000 | 45,000 | 25,051 |
| Total Fines and Forfeits | 45,000 | 45,000 | 25,051 |

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 | |
| GENERAL GOVERNMENT | | | |
| Administration and Finance | | | |
| Salaries & Benefits | | | |
| Salaries - Board Members | \$ 13,200 | \$ 13,200 | \$ 15,760 |
| Liquor Commissioner Salary | - | - | - |
| Salaries - Village Finance | 22,000 | 22,000 | 26,382 |
| Payroll Taxes | 2,700 | 2,700 | 3,224 |
| Unemployment Taxes | 900 | 900 | 1,053 |
| IMRF Pension | 2,200 | 2,200 | 3,124 |
| Life Insurance | 150 | 150 | - |
| Health Insurance | 6,000 | 6,000 | - |
| Employee Appreciation | 250 | 250 | 400 |
| Total Salaries and Benefits | 47,400 | 47,400 | 49,943 |
| Contractual Services | | | |
| Repairs & Maint - Equipment | 1,200 | 1,200 | 1,256 |
| Maintenance/Cleaning | 800 | 800 | 972 |
| Legal Expense | 27,000 | 27,000 | 34,475 |
| Adjudication Expense | 7,000 | 7,000 | 6,066 |
| Treasurer/Accounting Expense | 9,000 | 9,000 | 6,000 |
| Audit Expense | 9,000 | 9,000 | 8,900 |
| Permit Inspections - ICCI | 8,000 | 8,000 | 7,622 |
| Permit Inspections - Village | - | - | - |
| Engineering Expense | 1,000 | 1,000 | 570 |
| Codification | 2,500 | 2,500 | 2,525 |
| IML/Training | 6,000 | 6,000 | 8,406 |
| Telephone | 3,000 | 3,000 | 3,854 |
| Telephone Notification System | 1,570 | 1,570 | 1,570 |
| Internet Service | 750 | 750 | 544 |
| E Worldlinx Web | 1,480 | 1,480 | 1,279 |
| Insurance & Bonds | 32,500 | 32,500 | 31,948 |
| Postage | 700 | 700 | 287 |
| Printing & Publishing | 800 | 800 | 424 |
| Dues & Subscriptions | 2,200 | 2,200 | 1,953 |
| Total Contractual Services | 114,500 | 114,500 | 118,651 |
| Materials & Supplies | | | |
| Tools/Equipment | - | - | - |
| Office Supplies | 2,000 | 2,000 | 1,918 |
| New Equipment | - | - | - |
| Total Materials and Supplies | 2,000 | 2,000 | 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 | | 2017 Actual |
|---|--------------------|-----------------|----------------|
| | Original Budget | Final Budget | |
| GENERAL GOVERNMENT (Continued) | | | |
| Administration and Finance (Continued) | | | |
| Miscellaneous | | | |
| Sales Tax Reimbursement | \$ 10,000 | \$ 10,000 | \$ 7,046 |
| Revenue Audit Reimbursement | 500 | 500 | 417 |
| Lions Club Donation | - | - | 2,500 |
| Contingency | 700 | 700 | 534 |
| Total Miscellaneous | 11,200 | 11,200 | 10,497 |
| Total Administration and Finance | 175,100 | 175,100 | 181,009 |
| Impact Fee Account | | | |
| Miscellaneous | | | |
| Street Improvements | - | - | - |
| Total Impact Fee Account | - | - | - |
| Total General Government | 175,100 | 175,100 | 181,009 |
| PUBLIC SAFETY | | | |
| Police Department | | | |
| Salaries & Benefits | | | |
| Police F/T Salaries | 102,000 | 102,000 | 147,987 |
| Police P/T Salaries | 65,000 | 65,000 | 57,353 |
| Police Special Activity Pay | - | - | 8,879 |
| Police Salaries - TIF District | - | - | - |
| Police Overtime | 4,000 | 4,000 | 7,848 |
| Police Holiday Pay | 2,000 | 2,000 | 1,324 |
| Payroll Taxes | 14,200 | 14,200 | 17,089 |
| IMRF Pension | 14,500 | 14,500 | 18,795 |
| Life Insurance | 540 | 540 | 534 |
| Health Insurance | 14,000 | 14,000 | 21,376 |
| Total Salaries and Benefits | 216,240 | 216,240 | 281,185 |
| Contractual Services | | | |
| Repairs & Maint - Equipment | 6,000 | 6,000 | 1,804 |
| Dues & Training | 5,000 | 5,000 | 4,799 |
| Telephone | 3,000 | 3,000 | 5,742 |
| Alerts/PSAN/IPIPS | 5,650 | 5,650 | 2,568 |
| 911 Dispatch Fee | 15,250 | 15,250 | 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 | |
| Total Contractual Services | 34,900 | 34,900 | 29,611 |
| PUBLIC SAFETY (Continued) | | | |
| Police Department (Continued) | | | |
| Materials and Supplies | | | |
| Police Supplies | \$ 3,500 | \$ 3,500 | \$ 3,140 |
| Police Materials | 2,500 | 2,500 | 1,047 |
| DARE Supplies | 1,000 | 1,000 | 1,609 |
| Police Equipment | - | - | 816 |
| Automotive Fuel | 9,000 | 9,000 | 6,208 |
| Uniforms | 2,000 | 2,000 | 826 |
| Total Materials and Supplies | 18,000 | 18,000 | 13,646 |
| Miscellaneous | | | |
| Other Expenditures | 13,500 | 13,500 | - |
| Equipment leasing | - | - | 4,804 |
| Contingency | 250 | 250 | - |
| Total Miscellaneous | 13,750 | 13,750 | - |
| Capital Outlay | | | |
| Vehicles | 25,000 | 25,000 | - |
| Equipment | - | - | 3,314 |
| Total Capital Outlay | 25,000 | 25,000 | - |
| Total Public Safety | 307,890 | 307,890 | 324,442 |
| HIGHWAYS AND STREETS | | | |
| Street Department | | | |
| Salaries & Benefits | | | |
| Streets F/T Salaries | 32,800 | 32,800 | 43,584 |
| Streets P/T Salaries | 24,100 | 24,100 | 4,693 |
| Streets Overtime | 2,000 | 2,000 | 1,223 |
| Payroll Taxes | 4,330 | 4,330 | 4,196 |
| IMRF Pension | 2,800 | 2,800 | 6,167 |
| Life Insurance | 300 | 300 | 200 |
| Health Insurance | 7,200 | 7,200 | 10,149 |
| Total Salaries and Benefits | 73,530 | 73,530 | 70,212 |
| Contractual Services | | | |
| Repairs & Maint - Equipment | \$ 15,500 | \$ 15,500 | \$ 14,482 |
| Repairs & Maint - Streets | 7,000 | 7,000 | 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 | Actual | |
| Repairs - Street Lights | 500 | 500 | 702 | 145 |
| Forestry Maintenance | 13,500 | 13,500 | 11,764 | 18,413 |
| Dues & Training | 1,000 | 1,000 | 503 | 103 |
| Electric - Street Lights | 13,250 | 13,250 | 16,413 | 15,628 |
| Total Contractual Services | 50,750 | 50,750 | 54,122 | 52,752 |
| Materials and Supplies | | | | |
| Tools/Equipment | 2,000 | 2,000 | 1,620 | 564 |
| Street Decorations | 100 | 100 | 108 | 618 |
| Automotive Fuel | 3,400 | 3,400 | 4,418 | 2,698 |
| Mosquito Abatement | 2,500 | 2,500 | 2,278 | 1,051 |
| Total Materials and Supplies | 8,000 | 8,000 | 8,424 | 4,931 |
| Miscellaneous | | | | |
| Sidewalk Construction | 8,000 | 8,000 | 8,565 | - |
| Street maintenance | - | - | - | 19,500 |
| Pioneer Park Improvements | 500 | 500 | 250 | 9 |
| Bull Run Creek IDNR Improvements | - | - | 39,230 | 1,030 |
| Other Expenditures | 16,000 | 16,000 | 177 | 600 |
| Contingency | 200 | 200 | - | - |
| Total Miscellaneous | 24,700 | 24,700 | 48,222 | 21,139 |
| Capital Outlay | | | | |
| Equipment | 28,700 | 28,700 | 18,759 | - |
| Total Capital Outlay | 28,700 | 28,700 | 18,759 | - |
| Total Street Department | 185,680 | 185,680 | 197,024 | 149,034 |
| Total Highways and Streets | 185,680 | 185,680 | 197,024 | 149,034 |
| SANITATION | | | | |
| Contractual Services | | | | |
| Garbage Collection | 154,600 | 154,600 | 155,735 | 146,990 |
| Total Sanitation | 154,600 | 154,600 | 155,735 | 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 | | Actual | 2017 Actual |
|----------------------------------|--------------------|-----------------|------------|----------------|
| | Original Budget | Final Budget | | |
| 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 |

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 | | 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 | \$ 1,577,891 | \$ 202,976 | \$ 158,863 | \$ 1,939,730 |

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 | <u>(17,750)</u> | <u>(17,750)</u> | <u>-</u> |
| 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> |

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

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 May 1 | Additions | Retirements | Balances April 30 | Balances May 1 | Provisions | Retirements | | Balances 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 May 1 | Additions | Retirements | Balances April 30 | Balances May 1 | Provisions | Retirements | Balances 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 | 2017 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| VILLAGE DIRECT RATES | | | | | |
| General Corporate | \$ 0.39099 | \$ 0.36733 | \$ 0.36098 | \$ 0.34492 | \$ 0.35605 |
| Police Protection | 0.39102 | 0.45919 | 0.48132 | 0.45991 | 0.44507 |
| Audit | 0.02328 | 0.02297 | 0.02407 | 0.02300 | 0.02226 |
| Liability Insurance | 0.09311 | 0.09185 | 0.09627 | 0.09199 | 0.08902 |
| TOTAL VILLAGE DIRECT RATES | \$ 0.89840 | \$ 0.94134 | \$ 0.96264 | \$ 0.91982 | \$ 0.91240 |
| OVERLAPPING 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 |

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 |
| <u>Total Property Tax Rate</u> | <u>\$ 10.57657</u> | <u>\$ 10.81634</u> | <u>\$ 11.01195</u> | <u>\$ 10.88370</u> | <u>\$ 10.69177</u> |
| 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 |
| <u>Total TIF District Tax Levies</u> | <u>\$ 213,415</u> | <u>\$ 199,768</u> | <u>\$ 215,914</u> | <u>\$ 256,422</u> | <u>\$ 253,166</u> |

Data Source

Office of the County Clerk



Independent Accountant's Report

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

We have examined the Village of Kirkland, Illinois' (the "Village") compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 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
December 17, 2018