

THE VILLAGE OF WINNETKA

Illinois



2015

Comprehensive Annual Financial Report

For the twelve months ending December 31, 2015

VILLAGE OF WINNETKA, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

Prepared by:
Finance Department

VILLAGE OF WINNETKA, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village of Winnetka including: List of Principal Officials, Organizational Chart, Letter of Transmittal from the Finance Director and GFOA Certificate of Achievement for Excellence in Financial Reporting.

VILLAGE OF WINNETKA, ILLINOIS

**List of Principal Officials
December 31, 2015**

LEGISLATIVE

E. Gene Greable, Village President

Andrew Cripe, Trustee

Carol Fessler, Trustee

William Krucks, Trustee

Stuart McCrary, Trustee

Scott Myers, Trustee

Marilyn Prodromos, Trustee

ADMINISTRATIVE

Robert M. Bahan, Village Manager

Timothy J. Sloth, CPA, Finance Director

Steven Saunders, Director of Public Works

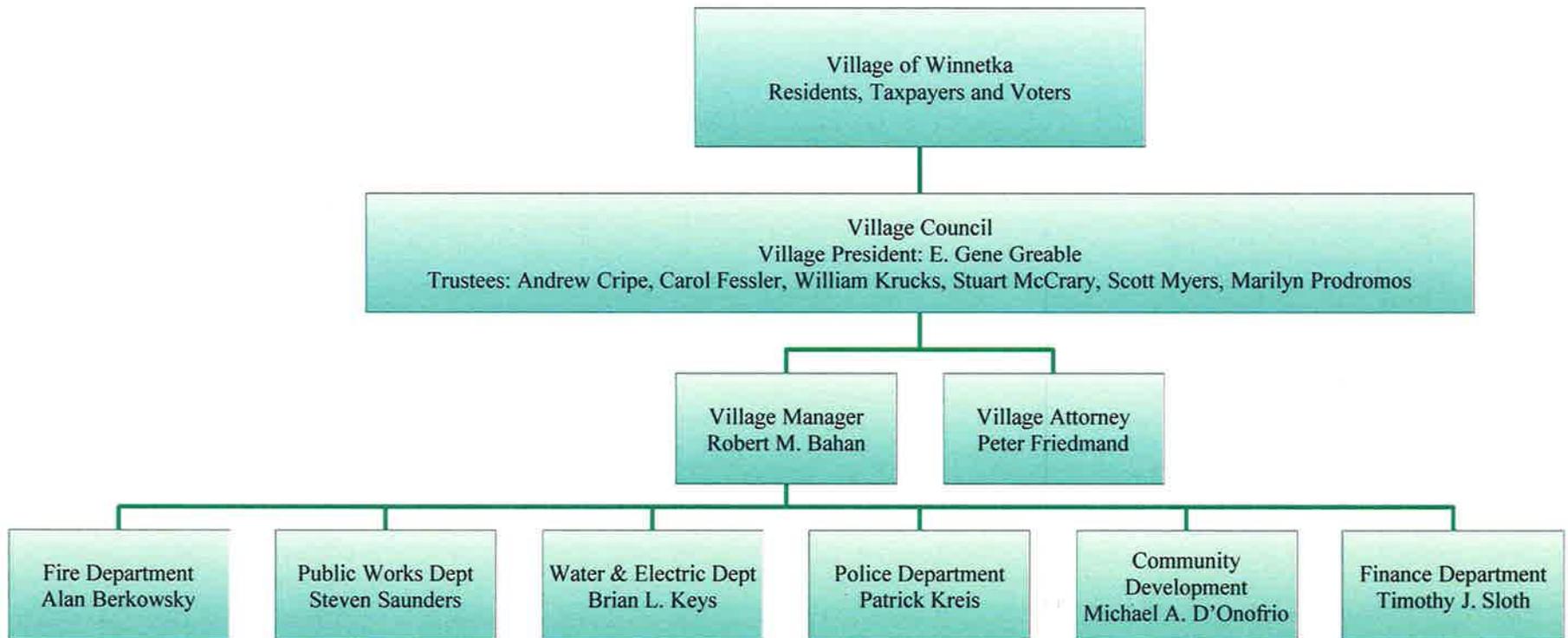
Brian L. Keys, Director of Water & Electric

Alan J. Berkowsky, Fire Chief

Patrick J. Kreis, Chief of Police

Michael A. D'Onofrio, Director of Community Development

Winnetka Village Government





VILLAGE OF WINNETKA

Incorporated in 1869

May 23, 2016

**Village President,
Members of the Board of Trustees and
Village Manager
Village of Winnetka
Winnetka, IL 60093**

The Comprehensive Annual Financial Report (CAFR) of the Village of Winnetka, Illinois for the fiscal year ended December 31, 2015 is hereby submitted, as required by State of Illinois Statutes. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including disclosures, is that of the Village. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

The CAFR includes all funds of the Village and is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the Village's organization chart, and a list of principal officers and officials. The financial section includes the general purpose financial statements; the combining, individual fund financial statements and schedules; and supplementary information, as well as the auditors' opinion on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Governmental Accounting Standards Board (GASB) Statement Number 34 requires the Village to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the independent auditors report.

The Reporting Entity and Its Services

The Village of Winnetka is located seventeen miles north of the City of Chicago on the west shore of Lake Michigan and is primarily a residential community. The Village was incorporated in 1869, prior to the adoption of the first State of Illinois Constitution, and thus enjoys Special Charter status with the State of Illinois. In 2005 the Village adopted Home-Rule status that provides additional legislative and revenue raising powers. To date, the Village has not utilized any of these new revenue raising powers.

The Village is approximately 3.9 square miles. The 2010 federal census records a Village population of 12,187 persons. There are three commercial business districts within the Village, all located adjacent to three

commuter rail stations. The Village is one of the most affluent in the Chicago area, having a per capita income exceeding \$100,440. The Village obtained a Aaa bond rating from Moody's Investors Service in 1989 on General Obligation debt issued. At that time, the Village was only one of three communities having a Aaa bond rating within the State of Illinois based solely upon the merits of the Community. Moody's has reaffirmed this rating on several occasions, most recently in November 2013 when \$9,000,000 of bonds were issued and January 2014 when \$7,500,000 of bonds were issued to finance Stormwater Sewer capital projects.

The Village provides a full range of general government services including police, fire, refuse collection and disposal, street construction and maintenance, and sanitary and storm sewer systems. In addition, the Village provides water and electric service to Village residents; wholesale water to the Village of Northfield (immediately west of the Village); fire service to the Village of Kenilworth (immediately south of the Village); and both water and fire service to a small unincorporated area south of the Village.

The CAFR also includes the financial activity of the Police and Firefighters' Pension Funds. Separate statutory pension boards control both of these activities.

The Village also participates in three proprietary joint ventures: 1) The Solid Waste Agency of Northern Cook County, 2) The Illinois Municipal Electric Agency, and 3) the High-Level Excess Liability Pool (HELP). Additional disclosures regarding the financial reporting entity and these joint ventures are included in the notes to the financial statements.

Accounting System and Budgetary Control

The accounts of the Village are organized on the basis of funds, each of which is considered a separate and distinct accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Revenues are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The accounting records for general governmental operations are maintained on the modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when materials or services are received and the liability incurred. Accounting records for the Village's enterprise funds, internal service funds, and pension trust funds are maintained on the accrual basis of accounting.

Management of the Village is responsible for establishing and maintaining a system of internal accounting controls. These controls are designed to ensure that the assets of the Village are safeguarded against any material loss, theft, or misuse. These controls ensure that the financial statements are in conformity with generally accepted accounting principles (GAAP). Internal accounting controls are designed to provide reasonable, but not absolute, assurances that control objectives will be met. The concept of reasonable assurances recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgment by Management.

The Budgetary Control System monitors the actual expenditures compared to budget on a monthly basis for the fiscal year. Each department is given the responsibility to maintain expenditures within budgetary guidelines.

Economic Condition and Outlook

The Village of Winnetka is primarily a residential community. The real estate property tax provided 55% of General Fund revenues for the year ending December 2015. The three business/commercial areas have good occupancy rates but have experienced some weakness in past years related to the overall economy. Intergovernmental revenues have remained steady in the current year compared to the previous fiscal period. Sales tax revenues for this fiscal year totaled \$1,510,357. Sales tax for the previous period totaled \$1,589,475, indicating that revenue has remained nearly the same. Income tax revenue has risen slightly from 2014 to 2015. Lower interest rates have decreased the investment income in the current year. The Village does maintain sufficient cash balances to buffer unexpected items.

The Village utilizes a 5-year capital plan to identify and prioritize current and future capital expenses. The Village maintains its infrastructure through routine capital projects paid from current budget revenues. For some large projects such as Village facilities and downtown redevelopment, the Village has used cash reserves. The Village has issued \$16,500,000 in General Obligation Bonds to fund a large Stormwater project.

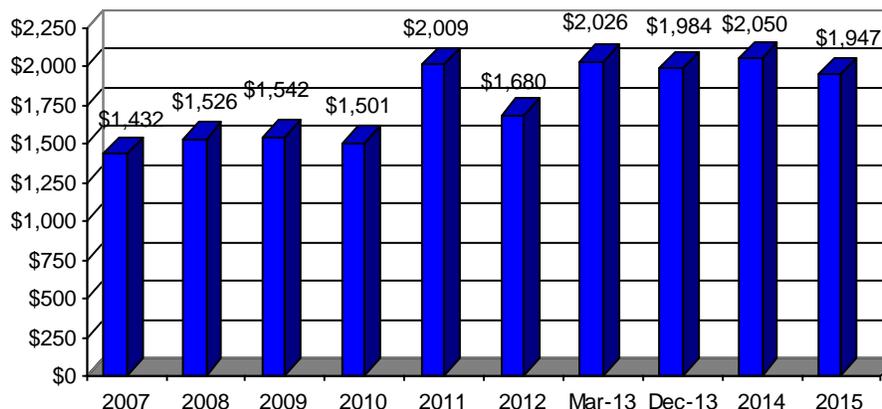
The Village continues to carefully evaluate productivity and changes in service levels to maintain or lower the tax burden on the residents of the Village. The Village, although home rule, continues to operate within non-home rule tax caps. The Village has decreased the number of full time employees over the last several years to control personnel costs. Expenses the Village has limited control over include pensions, health and worker's compensations costs. The Village did not budget the use of fund balance to pay for any current operating expenses.

The Village property taxes account for only 13% of the total property tax burden for most Winnetka residents, with the schools being the primary taxing agencies. By carefully evaluating services and making revenue increases when necessary, the Village should be able to continue its reputation as an excellent community with a broad range of services at a reasonable cost.

Significant Events

The Village continues to issue a significant number of remodeling and reconstruction permits that increases property values and improves the housing stock. Overall permit revenue remained strong. Below is a summary of permit revenues by year. December 2013 was a nine-month fiscal year.

Permit Revenues by Fiscal Year (in thousands of dollars)



Solid waste disposal is a major concern of all governments. The Village owned landfill was closed on April 1, 1994. The costs for monitoring the Village's closed landfill have been estimated and been recorded as a liability in the refuse utility. The Village, along with other Illinois local governments, previously formed the Solid Waste Agency of Northern Cook County (SWANCC) to develop a mutual solution to the problem of refuse disposal. A balefill transfer station owned by SWANCC serves member communities.

Fund Balances

The Fund balance for the General Fund had increased in the last few years. In the fiscal year ended March 2013, \$2,200,000 was transferred to the Storm Sewer Fund and \$700,000 was transferred to the Facilities Fund. In fiscal year ending December, 2013 an additional \$6,000,000 was transferred to the Storm Sewer Fund. Revenues held up well and expenditures were lower than projected primarily because a few discretionary capital projects were deferred.

General Fund Balances			
(in millions of dollars)			
Year	Unassigned Fund Balance	Budgeted Expenditures	Unassigned Fund Balance as a Percentage of Budgeted Expenditures
2009	\$17.91	\$20.98	85.4%
2010	\$21.25	\$22.04	96.4%
2011	\$22.28	\$22.93	97.2%
2012	\$24.30	\$21.53	112.9%
Mar 2013	\$25.30	\$22.33	113.4%
Dec 2013*	\$16.85	\$22.28	75.6%
2014	\$18.17	\$22.97	79.1%
2015	\$18.94	\$24.63	76.9%

*Fund Balance for the nine months ended December 2013 as a percent of the twelve month Budgeted Expenditures

Enterprise Funds

The Village maintains enterprise operations for electric, water, sewer, refuse and storm sewer services. The Village initiated electric and water service to residents in the early 1900's and currently produces potable water from Lake Michigan, and has the capability to generate electricity locally. In 1991, the Village contracted to purchase wholesale power through the Illinois Municipal Electric Agency and generates only when needed which is more economical and environmentally friendly than generating all power locally.

Electric rates increased 1.5% in 2015 to account for ongoing capital improvements to the distribution system and the purchased power recovery adjustment was established at positive 0.8%.

The retail water rate was increased 2%, primarily to fund capital improvements at the water plant on Lake Michigan. Sewer rates were increased 10% to fund sewer repairs.

The Village's Refuse Fund obtains \$1.1 million dollars of non-operating revenue from property taxes and an additional \$550,000 as a transfer from the General Fund. These non-operating revenues allow residents to receive weekly refuse and recycling services without a separate bill for those services.

The Village began charging residents for storm water sewer in July, 2014. The rate is \$21.83 per ERU, Equivalent Run-Off Unit, per month. The ERU per property was calculated by an outside engineering firm.

Comparative operating information for the five utilities for December 31, 2015 and the twelve months ended December 31, 2014 are presented below. The Budget amounts are for a full twelve-month period. The electric rates shown are an average of summer and winter rates.

Utility Operating Results in Thousands of Dollars				
For December 2015 and 2014				
	2015 Budget	2015 Actual	% Change	2014 Actual*
Electric				
Rate Per Kwh	\$0.1218	\$0.1218	1.5%	\$0.12
Operating Revenue	\$15,410	\$15,596	5.8%	\$14,737
Operating	<u>\$15,373</u>	<u>\$14,526</u>	-0.5%	<u>\$14,597</u>
Operating Income	\$37	\$1,070		\$140
Water				
Rate Per 1,000	\$33.49	\$33.49	2.0%	\$32.83
Operating	\$4,119	\$3,532	2.2%	\$3,457
Operating	<u>\$3,408</u>	<u>\$3,225</u>	5.1%	<u>\$3,068</u>
Operating Income	\$711	\$307		\$389
Refuse				
Operating	\$535	\$528	-1.5%	\$536
Operating	<u>\$2,434</u>	<u>\$2,266</u>	-7.7%	<u>\$2,455</u>
Operating (loss)	(\$1,899)	(1,738)		(1,919)
Sanitary Sewer				
Rate Per 1,000	\$13.82	\$13.82	10.0%	\$12.56
Operating	\$1,177	\$952	8.9%	\$874
Operating	<u>\$881</u>	<u>\$673</u>	1.5%	<u>\$663</u>
Operating Income	\$296	\$279		\$211
Storm Sewer				
Rate Per ERU	\$21.83	\$21.83	N/A	\$21.83
Operating	\$2,096	\$1,768	87.9%	\$941
Operating	<u>\$504</u>	<u>\$463</u>	13.2%	<u>\$409</u>
Operating Income	\$1,592	\$1,305		\$532

Electric operating expenses for December 2015 are 0.5% less than in the previous period. Total operating expenses were 94% of budget.

Water revenue increased 2.2% from the prior period sales. Unit sales remained steady but the rate increased 2% for residential customers. Expenses increased 5.1% from the previous fiscal year. Revenues were 85.7% of the budget while expenses were 94.6% of budget.

Refuse revenues and expenditures were both down from last year and under-budget on both accounts. There are no noteworthy variances.

Sanitary Sewer revenues are generated by a charge assessed from water use. Sewer revenues increased because of the static amount of water sales and were augmented by a 10% increase in the sewer charge. Sewer fund revenues were 80.8% and expenses were 76.4% of the twelve-month budget.

Stormwater Sewer revenues were lower than budget due to the number of ERU's billed decreasing slightly from the engineer's original estimates. Expenses came in under-budget.

Pension Trust Funds

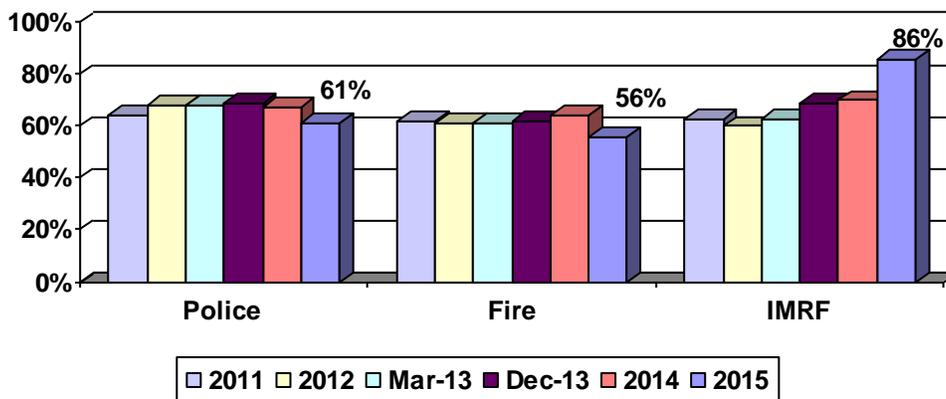
While the Village has strived through the budget process to limit increases in operating expenses, one expense the Village has limited ability to control is the funding amounts required by the pensions. The funding ratio (actuarial value of plan assets divided by the actuarial accrued liability) for all pension plans has declined significantly from 2004 to 2011. While the Village contributes 100% of the actuarially determined amount, investment returns have lagged the assumed rate of return over long periods of time resulting in the assets not growing as well as projected. The Police and Fire plans use a 6.25% earnings assumption and the IMRF plan uses 7.47%.

The IMRF pension plan uses five-year asset smoothing while the police and fire pension funds utilize market value for assets.

The lower funding levels of the pension will increase pressure on the Village budget in future years. Ultimately, local property owners may have to pay higher property taxes to make up for any pension funding shortfalls as employee pension contributions are a fixed percentage of pay ranging from 4.5% for IMRF to about 10% for the Police and Fire plans.

The funding ratio from March 2011 to December 2015 is shown below:

Pension Funding By Year



Other Information

The Village of Winnetka recognizes that the annual financial report is Management's report to the governing body, constituents, oversight bodies, resource providers, investors, and creditors. In addition to the vast amount of financial information presented, there is included herein a Statistical Section. This section includes information on outstanding bonded debt, insurance and self-insurance coverage for the risks of the Village, principal Village officials, and data on the entire governmental structure of the Village of Winnetka.

Additionally, the Village's financial policies, reserve policies, budget projections, capital plan, and other financial information can be found in the annual budget that can be viewed from the Village's web site (<http://villageofwinnetka.org>) or at the local library.

Independent Audit

Illinois State Statutes require an annual audit by an independent Certified Public Accountant. The auditing firm of Lauterbach and Amen, 27W457 Warrenville Road, Warrenville, Illinois 60555 was selected by the Village Board of Trustees to conduct the annual audit for fiscal year 2015. The auditors' report, general purpose financial statements, and the combining and individual fund statements and schedules are included in the financial section of this report.

Acknowledgments

The preparation of this report could not have been accomplished without the dedicated assistance of the Finance Department staff and cooperation from the other Village operating departments. Special recognition is due to Nicholas Mostardo, Assistant Finance Director, for preparing this report.

In closing, I would like to thank the Village President and the Village Council for their leadership and support of the Finance Department.

Respectfully Submitted,



Timothy J. Sloth, CPA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Winnetka
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

May 23, 2016

The Honorable Village President
Members of the Board of Trustees and Village Manager
Village of Winnetka, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnetka, Illinois, as of and for the year ended December 31, 2015, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnetka, Illinois, as of December 31, 2015, 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 of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Winnetka, Illinois', basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

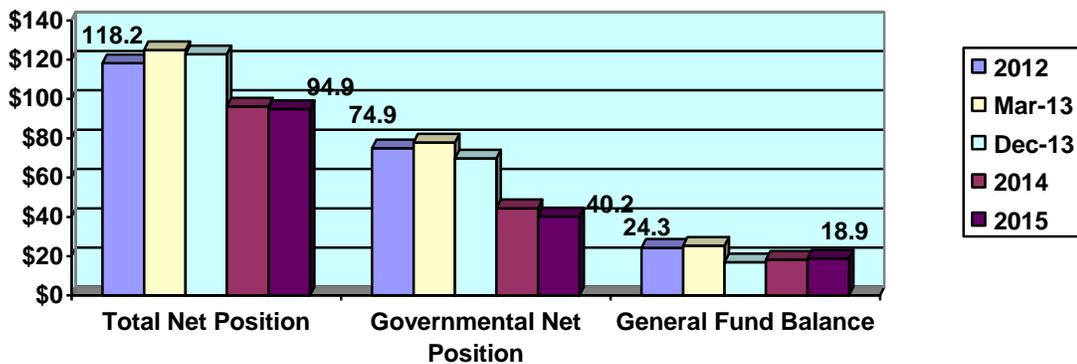
The Village of Winnetka implemented Governmental Accounting Standards Board (GASB) Statements 43 and 45 in fiscal 2007. These Statements require that post employment benefit costs be captured and reported in the financial statements, much like the pension obligations. While the Village does not pay any portion of retiree health care costs, State law mandates that retirees can continue on the Village's policies at the same premium rate as active employees. This gives rise to an implicit subsidy that must be disclosed in the financial statements. The Village has elected to fund this liability on a pay-as-you-go basis given the overall strong financial position of the Village.

The accounting standards reflected in this report are designed to provide two perspectives of the Village's financial performance; a focus on the Village as a whole (government-wide) and a focus on the major individual funds. Both perspectives (government-wide and major fund) provide a broader basis upon which to compare and judge the Village's financial accountability. This improved accountability is in part achieved by consolidating financial transactions (eliminating activities between certain funds and focusing on major funds), allocating specific revenues that finance operations to those expenditures, and displaying information about long-term financial decisions (Is debt used to finance operations? What financial investments are made in capital? What is the impact of outstanding or newly issued debt?, etc.).

The management 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 the Village's financial position and ability to address future challenges, (4) identify material deviations from budget, and (5) identify concerns specific to individual funds. Readers are encouraged to review the additional information furnished in the transmittal letter of the Comprehensive Annual Finance Report.

FINANCIAL HIGHLIGHTS

Below is a graph showing the growth of the Village's total net position, governmental net position, and unassigned general fund balance for the last five years (in millions of dollars) reflecting the overall strong financial performance of the Village and investment in infrastructure.



Note: GASB Statement 68 was implemented as of 12/31/2015.

Please note that the net positions for 2014 are restated and reflected in the graph above. This is primarily due to Governmental Accounting Standards Board (GASB) Statement 68, which dictates that net pension liabilities must be realized on an agency's statement of net position. The net position for government activities fell significantly in 2015, mostly due to the recognition of pension liabilities per GASB 68. The net position of the business-type activities rose due to the addition of capital assets, though its growth was hampered due to recognition of IMRF liability per GASB 68. Consequently, net position of the Village as a whole fell slightly in 2015 (approximately 1.2%). Favorably, unrestricted fund balance in the General Fund rose to \$18.94 million, which is 76.9% of annual budgeted expenditures.

REPORTING THE VILLAGE AS A WHOLE

Government-wide Financial Statements

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses accounting similar to full accrual accounting used in the private sector. Inter-fund activity is eliminated and the cost of assets with a long service life is spread out over future years so that capital expenditures are amortized (through depreciation) when the benefits are realized.

The first government-wide statement is the *Statement of Net Position* that presents information about all of the Village's assets/deferred outflows and liabilities/deferred inflows, with the difference reported as *net position*. Over a multi-year period, an increase or decrease in net position can detect an improvement or deterioration in the financial position of the Village as a whole. Additionally, one would need to evaluate non-financial factors, such as the condition of Village infrastructure, the satisfaction of constituents, and other information beyond the scope of this report to make a more complete assessment of whether the Village as a whole has improved.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, community development, public works, and internal service funds. Business-type activities include electric, water, sewer and storm sewer utilities and refuse collection. Fiduciary activities, such as employee pension plans, are not available to fund Village programs and therefore are not included in the government-wide statements.

The Village's financial reporting includes the funds of the Village (primary government). The Village is not accountable for any outside organizations and, therefore, no adjustments were made to blend financial information from other legally separate entities into this report.

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Village has three kinds of funds:

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, Governmental fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

The government-wide financial statements provide a long-term view. Comparisons between the individual governmental fund statements and the government-wide statements provide information about financing decisions and the amount invested in maintaining and improving infrastructure. These two perspectives can provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances reconcile the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for other funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the Village's budget.

Proprietary Funds reported in the fund financial statements are for those services for which the Village charges customers a fee. There are two kinds of proprietary funds, enterprise and internal service. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Enterprise fund services are primarily provided to customers external to the Village organization such as those of the electric, water, sewer and storm sewer utilities and refuse functions.

Internal service funds provide services and charge fees to customers within the Village organization, such as equipment services (repair and maintenance of Village vehicles) and the insurance funds. Because internal service funds primarily benefit Village operations, they are included within the governmental activities of the government-wide financial statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements, but with more detail for major enterprise funds and individual component units. Individual fund information for internal service funds and non-major enterprise funds is found in combining statements in a later section of this report.

Fiduciary Funds such as the employee pension plans are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund Village programs. The accounting for fiduciary fund financial statements is similar to that used for proprietary funds.

Impact of GASB 68

The remainder of this analysis and the subsequent financial statements show a radically different net position for the Village than in previous years. It is important to recognize that this change is not attributable to poor fiscal management by the Village Council or Staff. GASB 68 requires pension liabilities previously included in footnotes to the financial statements to be moved into the statements themselves and calculated in the funds' net positions with the recording of additional expenses. Since this is the first year with significant impact of GASB 68, the profound changes in net position are affecting not only Winnetka, but countless government agencies that comply with statements issued by GASB.

For informational purposes, Staff have included the following chart comparing the Village-wide net position with and without the implementation of GASB 68:

Net Position	<u>Without GASB 68</u>		<u>With GASB 68</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Net Investment in Capital Assets	\$ 84,185,626	\$ 87,042,190	\$ 84,185,626	\$87,042,190
Restricted - Awards	\$ 716	\$ 716	\$ 716	\$ 716
Restricted - Tax Escrow	\$ 90,495	\$ 90,495	\$ 90,495	\$ 90,495
Restricted - Highways and streets	\$ 1,951,329	\$ 2,250,157	\$ 1,951,329	\$ 2,250,157
Restricted - Foreign Fire Tax	\$ 89,317	\$ 88,205	\$ 89,317	\$ 88,205
Unrestricted	<u>\$ 37,729,484</u>	<u>\$ 38,112,558</u>	<u>\$ 9,780,877</u>	<u>\$ 5,487,967</u>
	\$ 124,046,967	\$ 127,584,321	\$ 96,098,360	\$94,959,730

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other information

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major and internal service funds are presented in a subsequent section of this report.

The Village's total primary government's overall financial position (excluding GASB 68 liabilities) has improved in each of the last two years. This is a function of operating revenues growing, especially building permit revenues, and modest increases in other taxes and service charges. Capital investments, such as a major rehabilitation of the Village Hall funded from cash balances, have increased capital assets without incurring debt.

STATEMENT OF NET POSITION
(in millions of dollars)

	Dec-15		Dec-14		Dec-15	Dec-14
	Govern- mental Activities	Business Type Activities	Govern- mental Activities	Business Type Activities	Total Primary Gov't	Total Primary Gov't
Current Assets	\$45.3	\$29.3	\$44.1	\$34.1	\$74.6	\$78.2
Capital Assets	49.4	46.0	48.8	38.1	95.4	86.9
Deferred Outflows	12.3	1.5	-	-	13.80	-
Total Assets/ Deferred Outflows	107.0	76.8	92.9	72.2	170.0	165.1
Current Liabilities	4.1	2.6	4.1	2.3	6.7	6.4
Long-Term Liabilities	49.1	19.3	5.1	17.3	68.4	22.4
Deferred Inflows	13.6	0.1	13.2	-	13.7	13.2
Total Liabilities/ Deferred Inflows	66.8	22.0	22.4	19.6	75.1	28.8
<u>Net Position</u>						
Investment in Capital Assets, net of Debt	49.4	37.7	48.8	35.4	87.1	84.2
Restricted	2.40	0.00	2.10	0.00	2.40	2.10
Unrestricted	(11.60)	17.10	20.50	17.30	5.50	37.70
Restatement of Pension Liability (GASB 68)	0.00	0.00	(27.00)	(1.00)	0.00	(27.90)
Total Net Position	\$40.2	\$54.8	\$44.4	\$51.7	\$95.0	\$96.1

Government-wide net position fell slightly due to recognition of pension liabilities, though the Village was on target with respect to previously budgeted revenues and expenditures. The Village adopts a conservative revenue budget in most areas, especially where there is less certainty, such as in building permit revenues.

Operating expenses were in line with the budget but capital spending was less than the budgeted amount.

The following table provides a summary of the Village's changes in net position:

STATEMENT OF ACTIVITIES
(in millions of dollars)

	Dec-15		Dec-14		Dec-15	Dec-14
	Governmental Activities	Business Type Activities	Governmental Activities	Business Type Activities	Total Primary Gov't	Total Primary Gov't
Revenue:						
Program Revenues:						
Charges for Services	\$6.3	\$22.4	\$6.4	\$20.6	\$28.7	\$27.0
Operating Grants	0.1	2.0	0.0	0.1	2.1	0.1
Capital Grants	0.0	0.0	0.0	0.0	0.0	0.0
General Revenues:						
Property Taxes	12.9	1.1	12.9	1.1	14.0	14.0
Sales Taxes	1.5	0.0	1.6	0.0	1.5	1.6
Investment Income	0.0	0.0	0.0	0.0	0.0	0.0
Others	3.1	0.2	3.1	0.6	3.3	3.7
Total Revenues	23.9	25.7	24.0	22.4	49.6	46.4
Expenses:						
General Government	5.0	0.0	3.9	0.0	5.0	3.9
Public Safety	16.8	0.0	12.3	0.0	16.8	12.3
Community Development	1.5	0.0	1.7	0.0	1.5	1.7
Public Works	5.6	0.0	5.2	0.0	5.6	5.2
Electric	0.0	14.5	0.0	14.6	14.5	14.6
Water	0.0	3.2	0.0	3.1	3.2	3.1
Sewer	0.0	0.7	0.0	0.7	0.7	0.7
Refuse	0.0	2.3	0.0	2.5	2.3	2.5
Storm Sewer	0.0	1.1	0.0	1.1	1.1	1.1
Total Expenses	28.9	21.8	23.1	21.9	50.7	45.0
Increase (decrease) in net position before transfers	(5.0)	3.9	0.9	0.5	(1.1)	1.4
Transfers	0.8	(0.8)	0.7	(0.7)	0.0	0.0
Increase (decrease) in net position	(4.2)	3.1	1.6	(0.2)	(1.1)	1.4
Net Position – Beginning as Restated	44.4	51.7	42.8	51.9	96.1	94.7
Net Position – Ending	40.2	54.8	44.4	51.7	95.0	96.1

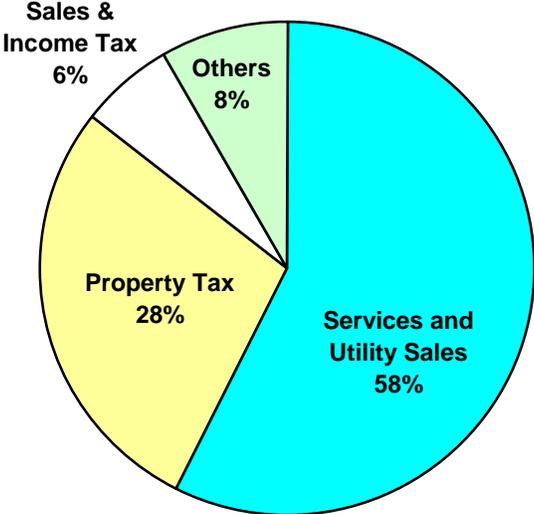
Beginning Amounts are restated to account for GASB 68.

Total revenues of \$49.6 million were slightly less than expenses of \$50.7 million, decreasing net position by \$1.1 million. In the current year, Governmental revenues were slightly over-budget. However, GASB 68 requires that annual pension expenses are now recognized, which contributed to the higher-than-budgeted expenses. Consequently, the Village experienced a decrease of \$4.2 million in Governmental net position. Business Type revenues were less than budgeted because the cooler weather led to lower water sales. However, tight control of expenses and an intergovernmental stormwater grant allowed for

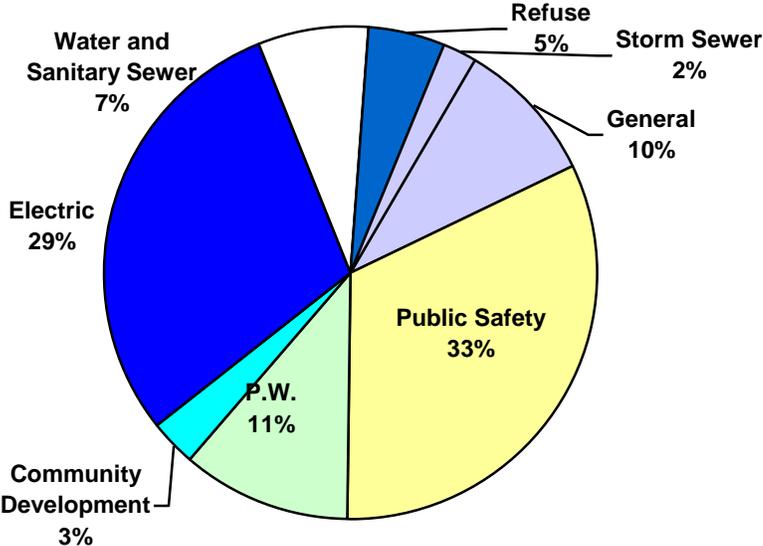
an increase in Business Type net position of \$3.1 million. While operating expenses were in line or below the budget in both Governmental and Business-type activities, capital spending was less than budgeted. Several capital projects in the General Fund were deferred or only partially completed in 2015. In the Stormwater Fund, capital spending was deferred on the Willow Road Stormwater Tunnel.

The following two graphs aggregate by major type the Village's revenues and expenses at the government-wide level, based on the information above.

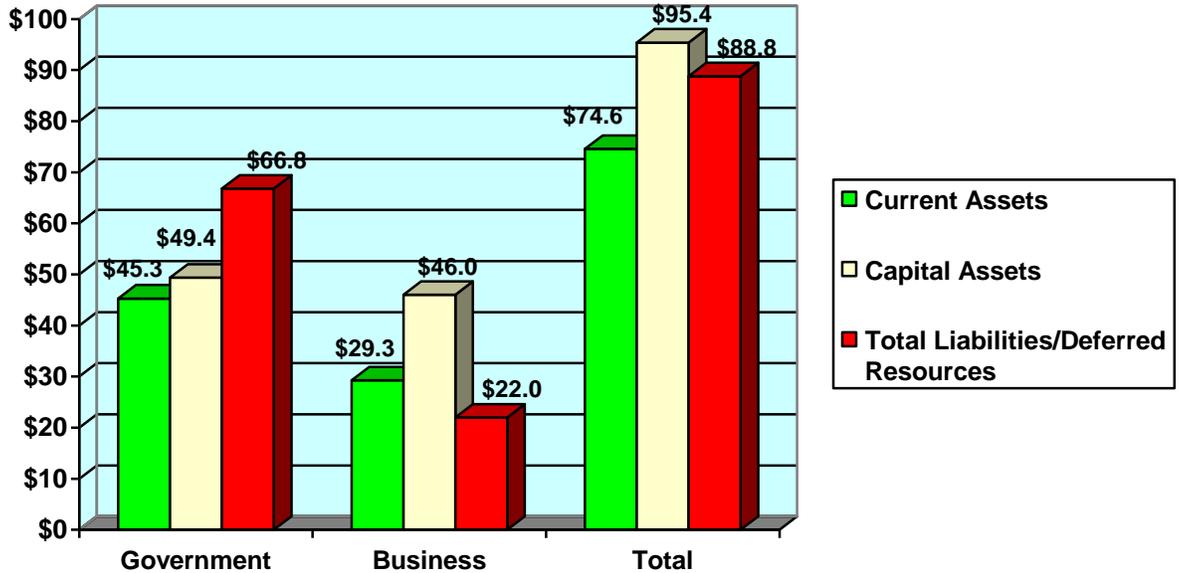
Government-Wide Revenues by Type



Government-Wide Expenses by Type



Below is a graph that compares current and capital assets to the liabilities for governmental and business-type funds. Total liabilities have increased on this graph from previous years due to the implementation of GASB 68:



Financial Analysis of the Village’s Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statement with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$22.1 million, up \$1.2 million from the prior year. This increase is attributable to a favorable revenue/expenditure experience for the General Fund.

Major Governmental Funds

The General Fund is the Village’s primary operating fund and the largest source of day-to-day service delivery. The unrestricted fund balance of the General Fund increased \$0.8 million from \$18.1 million to \$18.9 million. This increase is the result of some revenues such as building permits and natural gas remaining strong, while at the same time attempting to control operational expenditures and deferring capital projects where necessary.

The General Fund cash balance of \$18.7 million remains above the minimum policy amount established by the Village Council.

The Village deliberately budgets revenues conservatively so that financial decisions can be made in a planned manner. Budgeted projects can proceed even if revenues weaken somewhat or unexpected expenses are encountered because of this conservative philosophy. Permit and fee revenue is a function of the economy and redevelopment in the community, which remained strong.

Total General Fund expenditures were 98% of the total budgeted expenditures. Looking just at operating expenditures (excluding GASB 68 pension expenditures), the General Fund spent 92.2% of the amount budgeted.

The Village Facilities Fund has an assigned fund balance of \$.34 million, which is available for future capital related improvements projects throughout the Village.

Within the governmental funds, GASB 68 pension expenses included \$1,016,704 for IMRF (General Government), \$1,973,686 for Police Pension (Public Safety), and \$2,188,931 (Public Safety).

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term financial status information.

Major Proprietary Funds

The proprietary funds operated by the Village are the Electric, Water, Sanitary Sewer, Refuse, and Storm Sewer funds. Electric rates were increased 1.5% in the current year. The water rate increased 2% and the sewer rate was increased 10% to pay for system improvements. The Village also maintains a stormwater utility fee of \$21.83 per ERU (Equivalent Run-Off Unit) per month.

The Village's combined internal service funds' net position were \$4.7 million. The total for workers' compensation, liability, and health insurance risks retained by the Village was \$3.5 million, a \$0.8 million decrease from last year. While the Village's existing reserves are adequate to fund known liabilities, the high (up to \$2,000,000) retention level in some areas makes a conservative reserve policy in both the internal service funds and in the General Fund prudent.

General Fund Budgetary Highlights

The original budget for the General Fund was not amended and actual expenditures did not exceed the budgeted amount.

Capital Assets

The Village's policy is to capitalize equipment over \$50,000 in value. The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2015 was \$49.4 million, up \$0.6 million from the prior year. The Village relies on an outside appraisal to value governmental assets.

The Village's investment in capital assets, net of accumulated depreciation, for business-type activities as of December 31, 2015 was \$46.0 million, up \$7.9 million from the prior year, which was mostly due to stormwater improvements.

Additional information about the Village's capital assets, including beginning balances, current year additions and retirements, and outstanding balances at year end, can be found in the financial statement notes, Note 3.

Long-term Debt

At the end of the fiscal year, the Village had total bonded debt outstanding of \$15.8 million, this entire amount is General Obligation Bonds usually funded from property taxes. However, it is anticipated that the \$16.5 million in bonds issued in 2013 and 2014 for the Storm Sewer project will be abated and these bonds will be repaid from charges for service in the Stormwater fund.

Additional information about the Village's long-term liabilities, including outstanding debt, can be found in the financial statement notes, Note 3.

Bond Ratings

The Village's general obligation bonds are rated Aaa by Moody's Investor Rating Service. The Aaa rating was last confirmed in January 2014 when the stormwater bonds were issued.

Economic Factors

The local Village economy has remained steady. Occupancy rates remain high. Because the Village of Winnetka is primarily an affluent residential community heavily reliant on property taxes and utility sales, revenues tend to be more stable compared to governments that rely more on sales tax, real estate transfer taxes, and other revenues particularly sensitive to economic cycles to finance operations. Three separate business districts cater largely to the local area and continue to maintain high occupancy rates.

The Village's current population of 12,490 has remained about the same over the last decade.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Village's Finance Director, 510 Green Bay Road, Winnetka, IL 60093, or access the Village website at villageofwinnetka.org.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF WINNETKA, ILLINOIS

**Statement of Net Position
December 31, 2015**

See Following Page

VILLAGE OF WINNETKA, ILLINOIS

**Statement of Net Position
December 31, 2015**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 29,008,492	\$ 23,775,067	\$ 52,783,559
Receivables - Net of Allowances			
Taxes	13,361,817	1,102,885	14,464,702
Accounts	1,928,411	3,018,024	4,946,435
Notes	250,000	-	250,000
Prepays/Inventories	14,670	860,252	874,922
Due from Other Governments	701,513	500,000	1,201,513
Total Current Assets	<u>45,264,903</u>	<u>29,256,228</u>	<u>74,521,131</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	13,700,000	164,008	13,864,008
Depreciable	58,055,628	100,108,621	158,164,249
Accumulated Depreciation	(22,378,710)	(54,243,745)	(76,622,455)
Total Noncurrent Assets	<u>49,376,918</u>	<u>46,028,884</u>	<u>95,405,802</u>
Total Assets	<u>94,641,821</u>	<u>75,285,112</u>	<u>169,926,933</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	4,619,980	1,525,856	6,145,836
Deferred Items - Police Pension	3,145,077	-	3,145,077
Deferred Items - Firefighters' Pension	4,589,431	-	4,589,431
Total Deferred Inflows of Resources	<u>12,354,488</u>	<u>1,525,856</u>	<u>13,880,344</u>
Total Assets and Deferred Inflows of Resources	<u>106,996,309</u>	<u>76,810,968</u>	<u>183,807,277</u>

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

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts and Retainage Payable	\$ 901,238	\$ 1,401,092	\$ 2,302,330
Accrued Payroll	422,388	225,688	648,076
Accrued Interest Payable	-	26,819	26,819
Deposits Payable	1,424,034	228,292	1,652,326
Claims Payable	1,159,549	-	1,159,549
Current Portion of Long-Term Liabilities	158,387	744,297	902,684
Total Current Liabilities	4,065,596	2,626,188	6,691,784
Noncurrent Liabilities			
Claims Payable	1,246,883	-	1,246,883
Compensated Absences	1,425,484	488,669	1,914,153
Landfill Post-Closure Costs	-	928,259	928,259
Net Pension Liability - IMRF	8,343,388	2,755,596	11,098,984
Net Pension Liability - Police Pension	16,271,633	-	16,271,633
Net Pension Liability - Firefighters' Pension	18,722,635	-	18,722,635
General Obligation Bonds Payable	-	15,145,000	15,145,000
Net Other Post-Employment Benefit Obligation	3,099,630	-	3,099,630
Total Noncurrent Liabilities	49,109,653	19,317,524	68,427,177
Total Liabilities	53,175,249	21,943,712	75,118,961
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	309,473	102,210	411,683
Property Taxes	13,316,903	-	13,316,903
Total Deferred Inflows of Resources	13,626,376	102,210	13,728,586
Total Liabilities and Deferred Inflows of Resources	66,801,625	22,045,922	88,847,547
NET POSITION			
Net Investment in Capital Assets	49,376,918	37,665,272	87,042,190
Restricted - Awards	716	-	716
Restricted - Tax Escrow	90,495	-	90,495
Restricted - Highways and Streets	2,250,157	-	2,250,157
Restricted - Foreign Fire Tax	88,205	-	88,205
Unrestricted	(11,611,807)	17,099,774	5,487,967
Total Net Position	\$ 40,194,684	\$ 54,765,046	\$ 94,959,730

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

VILLAGE OF WINNETKA, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 4,993,616	\$ 2,802,463	\$ -	\$ -
Public Safety	16,821,380	1,520,422	68,868	-
Community Development	1,479,285	1,760,110	-	-
Public Works	5,612,699	187,165	-	-
Total Governmental Activities	28,906,980	6,270,160	68,868	-
Business-Type Activities				
Electric	14,504,327	15,596,335	-	-
Water	3,232,713	3,531,692	-	-
Refuse	2,265,737	527,518	-	-
Storm Sewer	1,120,487	952,464	-	2,000,000
Sanitary Sewer	672,999	1,767,587	-	-
Total Business-Type Activities	21,796,263	22,375,596	-	2,000,000
Total Primary Government	\$ 50,703,243	\$ 28,645,756	\$ 68,868	\$ 2,000,000

General Revenues

Taxes

Property

Telecommunications

Natural Gas

Intergovernmental - Unrestricted

Sales Taxes

Income Taxes

Personal Property Replacement

Other Taxes

Investment Income

Miscellaneous

Transfers - Internal Activity

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

Primary Government		
Net (Expenses)/Revenues		
Governmental Activities	Business-Type Activities	Totals
\$ (2,191,153)	\$ -	\$ (2,191,153)
(15,232,090)	-	(15,232,090)
280,825	-	280,825
(5,425,534)	-	(5,425,534)
(22,567,952)	-	(22,567,952)
-	1,092,008	1,092,008
-	298,979	298,979
-	(1,738,219)	(1,738,219)
-	1,831,977	1,831,977
-	1,094,588	1,094,588
-	2,579,333	2,579,333
\$ (22,567,952)	\$ 2,579,333	\$ (19,988,619)
\$ 12,864,238	\$ 1,088,001	\$ 13,952,239
528,637	-	528,637
487,513	-	487,513
1,510,357	-	1,510,357
1,292,669	-	1,292,669
150,010	-	150,010
369,855	-	369,855
20,904	19,349	40,253
265,142	253,314	518,456
849,044	(849,044)	-
18,338,369	511,620	18,849,989
(4,229,583)	3,090,953	(1,138,630)
44,424,267	51,674,093	96,098,360
\$ 40,194,684	\$ 54,765,046	\$ 94,959,730

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

VILLAGE OF WINNETKA, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2015**

	General	Capital Projects Village Facilities	Nonmajor	Totals
ASSETS				
Cash and Investments	\$ 18,737,637	\$ 343,387	\$ 2,790,468	\$ 21,871,492
Receivables - Net of Allowances				
Taxes	13,361,817	-	-	13,361,817
Accounts	146,489	-	-	146,489
Notes	250,000	-	-	250,000
Due from Other Governments	674,008	-	27,505	701,513
Due from Other Funds	1,860,228	-	-	1,860,228
Total Assets	\$ 35,030,179	\$ 343,387	\$ 2,817,973	\$ 38,191,539
LIABILITIES				
Accounts Payable	\$ 848,835	\$ 2,153	\$ 41,728	\$ 892,716
Accrued Payroll	407,130	-	-	407,130
Deposits Payable	1,424,034	-	-	1,424,034
Due to Other Funds	-	-	86,485	86,485
Total Liabilities	2,679,999	2,153	128,213	2,810,365
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	13,316,903	-	-	13,316,903
Total Liabilities and Deferred Inflows of Resources	15,996,902	2,153	128,213	16,127,268
FUND BALANCES				
Restricted	91,211	-	2,338,362	2,429,573
Assigned	-	341,234	437,883	779,117
Unassigned	18,942,066	-	(86,485)	18,855,581
Total Fund Balances	19,033,277	341,234	2,689,760	22,064,271
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 35,030,179	\$ 343,387	\$ 2,817,973	\$ 38,191,539

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

VILLAGE OF WINNETKA, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to the Statement of
Net Position - Governmental Activities**

December 31, 2015

Total Governmental Fund Balances \$ 22,064,271

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

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 49,376,918

Internal service funds are used by the Village to charge the costs of vehicle and
equipment management and employee compensated absences to individual funds.
The assets and liabilities of the internal service funds are included in
the governmental activities in the Statement of Net Position. 4,729,637

Deferred outflows (inflows) of resources related to the pensions not reported
in the funds.

Deferred Items - IMRF	4,310,507
Deferred Items - Police Pension	3,145,077
Deferred Items - Firefighters' Pension	4,589,431

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Net Pension Liability - IMRF	(8,343,388)
Net Pension Liability - Police	(16,271,633)
Net Pension Liability - Fire	(18,722,635)
Compensated Absences Payable	(1,583,871)
Net Other Post-Employment Benefit Obligation Payable	<u>(3,099,630)</u>

Net Position of Governmental Activities \$ 40,194,684

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

VILLAGE OF WINNETKA, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2015**

	General	Capital Projects Village Facilities	Nonmajor	Totals
Revenues				
Taxes	\$ 13,840,516	\$ -	\$ 39,872	\$ 13,880,388
Licenses and Permits	2,289,140	-	-	2,289,140
Intergovernmental	3,021,904	-	369,855	3,391,759
Charges for Services	3,814,244	-	-	3,814,244
Fines and Forfeits	166,776	-	-	166,776
Investment Income	14,229	410	1,390	16,029
Miscellaneous	265,142	-	-	265,142
Total Revenues	23,411,951	410	411,117	23,823,478
Expenditures				
Current				
General Government	3,304,296	-	-	3,304,296
Public Safety	12,607,682	-	73,074	12,680,756
Community Development	1,465,059	-	185,702	1,650,761
Public Works	5,322,591	-	56	5,322,647
Capital Outlay	-	227,696	-	227,696
Total Expenditures	22,699,628	227,696	258,832	23,186,156
Excess (Deficiency) of Revenues Over (Under) Expenditures	712,323	(227,286)	152,285	637,322
Other Financing Sources (Uses)				
Transfers In	1,399,044	150,000	300,000	1,849,044
Transfers Out	(1,250,000)	-	-	(1,250,000)
	149,044	150,000	300,000	599,044
Net Change in Fund Balances	861,367	(77,286)	452,285	1,236,366
Fund Balances - Beginning	18,171,910	418,520	2,237,475	20,827,905
Fund Balances - Ending	\$ 19,033,277	\$ 341,234	\$ 2,689,760	\$ 22,064,271

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

VILLAGE OF WINNETKA, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Activities**

For the Fiscal Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds **\$ 1,236,366**

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

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	2,855,735
Depreciation Expense	(2,253,257)

The net effect of deferred outflows (inflows) of resources related to the pensions not
reported in the funds.

Change in Deferred Items - IMRF	1,575,405
Change in Deferred Items - Police Pension	1,990,901
Change in Deferred Items - Firefighters' Pension	3,198,163

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Additions to Net Pension Liability - IMRF	(2,592,109)
Additions to Net Pension Liability - Police	(3,964,587)
Additions to Net Pension Liability - Fire	(5,387,094)
Deductions to Compensated Absences Payable	39,554
Additions to Net Other Post-Employment Benefit Obligation Payable	(461,823)

Internal service funds are used by the Village to charge the costs of vehicle and equipment
management and employee compensated absences to individual funds.

The net revenue of certain activities of internal service funds is
reported with governmental activities. (466,837)

Changes in Net Position of Governmental Activities **\$ (4,229,583)**

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

VILLAGE OF WINNETKA, ILLINOIS

Statement of Net Position - Proprietary Funds
December 31, 2015

	Business-Type Activities - Enterprise Funds						Governmental
	Electric	Water	Refuse	Storm Sewer	Nonmajor	Totals	Activities
					Sanitary Sewer		Internal Service
ASSETS							
Current Assets							
Cash and Investments	\$ 5,430,071	\$ 1,324,248	\$ 406,368	\$ 15,668,134	\$ 946,246	\$ 23,775,067	\$ 7,137,000
Receivables - Net of Allowances							
Taxes	-	-	1,102,885	-	-	1,102,885	-
Accounts - Billed	762,853	179,739	29,053	81,012	41,772	1,094,429	8,179
Accounts - Unbilled	815,832	155,745	16,065	131,343	60,583	1,179,568	-
Accounts - Other	681,225	42,350	1,995	18,457	-	744,027	-
Due from Other Governments	-	-	-	500,000	-	500,000	-
Inventories/Prepays	858,523	-	-	1,729	-	860,252	14,670
Total Current Assets	8,548,504	1,702,082	1,556,366	16,400,675	1,048,601	29,256,228	7,159,849
Noncurrent Assets							
Capital Assets							
Nondepreciable Capital Assets	69,003	95,005	-	-	-	164,008	-
Depreciable Capital Assets	58,573,413	19,860,875	2,722,880	11,395,143	7,556,310	100,108,621	299,598
	58,642,416	19,955,880	2,722,880	11,395,143	7,556,310	100,272,629	299,598
Accumulated Depreciation	(37,590,516)	(9,158,076)	(2,184,658)	(221,001)	(5,089,494)	(54,243,745)	(299,598)
Total Noncurrent Assets	21,051,900	10,797,804	538,222	11,174,142	2,466,816	46,028,884	-
Total Assets	29,600,404	12,499,886	2,094,588	27,574,817	3,515,417	75,285,112	7,159,849
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Items - IMRF	772,241	377,071	244,133	58,057	74,354	1,525,856	-
Total Assets/ Deferred Outflows of Resources	30,372,645	12,876,957	2,338,721	27,632,874	3,589,771	76,810,968	7,159,849

	Business-Type Activities						Governmental
	Electric	Water	Refuse	Storm Sewer	Nonmajor	Totals	Internal
					Sanitary Sewer		Service
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 668,549	\$ 94,240	\$ 8,801	\$ 609,334	\$ 20,168	\$ 1,401,092	\$ 8,522
Accrued Payroll	147,450	61,879	7,798	-	8,561	225,688	15,258
Accrued Interest Payable	-	-	-	26,819	-	26,819	-
Deposits Payable	228,292	-	-	-	-	228,292	-
Claims Payable	-	-	-	-	-	-	1,159,549
Compensated Absences	26,040	12,825	10,732	2,350	2,350	54,297	-
General Obligation Bonds Payable	-	-	-	680,000	-	680,000	-
Landfill Post-Closure Costs	-	-	10,000	-	-	10,000	-
Total Current Liabilities	1,070,331	168,944	37,331	1,318,503	31,079	2,626,188	1,183,329
Noncurrent Liabilities							
Claims Payable	-	-	-	-	-	-	1,246,883
Compensated Absences	234,353	115,428	96,586	21,151	21,151	488,669	-
Net Pension Liability - IMRF	1,394,618	680,965	440,888	104,847	134,278	2,755,596	-
General Obligation Bonds Payable	-	-	-	15,145,000	-	15,145,000	-
Landfill Post-Closure Costs	-	-	928,259	-	-	928,259	-
Total Noncurrent Liabilities	1,628,971	796,393	1,465,733	15,270,998	155,429	19,317,524	1,246,883
Total Liabilities	2,699,302	965,337	1,503,064	16,589,501	186,508	21,943,712	2,430,212
DEFERRED INFLOWS OF RESOURCES							
Deferred Items - IMRF	51,729	25,258	16,353	3,889	4,981	102,210	-
Total Liabilities/Deferred Inflows of Resources	2,751,031	990,595	1,519,417	16,593,390	191,489	22,045,922	2,430,212
NET POSITION							
Net Investment in Capital Assets Unrestricted	21,051,900	10,797,804	538,222	2,810,530	2,466,816	37,665,272	-
	6,569,714	1,088,558	281,082	8,228,954	931,466	17,099,774	4,729,637
Total Net Position	\$ 27,621,614	\$ 11,886,362	\$ 819,304	\$ 11,039,484	\$ 3,398,282	\$ 54,765,046	\$ 4,729,637

VILLAGE OF WINNETKA, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2015**

	Electric	Water
Operating Revenues		
Charges for Services	\$ 15,533,516	\$ 3,409,295
Interfund Services	-	-
Miscellaneous	62,819	122,397
Total Operating Revenues	<u>15,596,335</u>	<u>3,531,692</u>
Operating Expenses		
Administration	1,986,933	1,232,979
Operations	11,028,449	1,605,009
Depreciation	1,510,566	386,767
Total Operating Expenses	<u>14,525,948</u>	<u>3,224,755</u>
Operating Income (Loss)	<u>1,070,387</u>	<u>306,937</u>
Nonoperating Revenues (Expenses)		
Property Taxes	-	-
Investment Income	3,992	959
Rental Income	156,114	-
Other Income	63,480	33,720
Interest Expense	-	-
Disposal of Capital Assets	21,621	(7,958)
	<u>245,207</u>	<u>26,721</u>
Income (Loss) Before Capital Contributions and Transfers	<u>1,315,594</u>	<u>333,658</u>
Capital Grants	-	-
Transfers In	-	-
Transfers Out	(1,030,000)	(262,160)
	<u>(1,030,000)</u>	<u>(262,160)</u>
Change in Net Position	285,594	71,498
Net Position - Beginning as Restated	<u>27,336,020</u>	<u>11,814,864</u>
Net Position - Ending	<u>\$ 27,621,614</u>	<u>\$ 11,886,362</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Refuse	Storm Sewer	Nonmajor Sanitary Sewer	Totals	Internal Service
\$ 531,060	\$ 1,767,587	\$ 952,464	\$ 22,193,922	\$ -
-	-	-	-	5,107,395
(3,542)	-	-	181,674	-
527,518	1,767,587	952,464	22,375,596	5,107,395
180,805	-	156,403	3,557,120	190,753
2,079,474	308,344	416,001	15,437,277	5,638,354
5,458	154,644	100,595	2,158,030	-
2,265,737	462,988	672,999	21,152,427	5,829,107
(1,738,219)	1,304,599	279,465	1,223,169	(721,712)
1,088,001	-	-	1,088,001	-
449	13,271	678	19,349	4,875
-	-	-	156,114	-
-	-	-	97,200	-
-	(657,499)	-	(657,499)	-
-	-	-	13,663	-
1,088,450	(644,228)	678	716,828	4,875
(649,769)	660,371	280,143	1,939,997	(716,837)
-	2,000,000	-	2,000,000	-
550,000	-	-	550,000	250,000
(42,564)	-	(64,320)	(1,399,044)	-
507,436	2,000,000	(64,320)	1,150,956	250,000
(142,333)	2,660,371	215,823	3,090,953	(466,837)
961,637	8,379,113	3,182,459	51,674,093	5,196,474
\$ 819,304	\$ 11,039,484	\$ 3,398,282	\$ 54,765,046	\$ 4,729,637

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

VILLAGE OF WINNETKA, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2015**

	Electric	Water
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 15,207,635	\$ 3,513,119
Receipts from Interfund Services	-	-
Payments to Suppliers	(11,014,184)	(1,806,980)
Payments to Employees	(1,906,780)	(931,044)
	<u>2,286,671</u>	<u>775,095</u>
Cash Flows from Noncapital Financing Activities		
Property Taxes	-	-
Transfers In	-	-
Transfers Out	(1,030,000)	(262,160)
	<u>(1,030,000)</u>	<u>(262,160)</u>
Cash Flows from Capital and Related Financing Activities		
Capital Grants	-	-
Purchase of Capital Assets	(1,621,613)	(709,209)
Disposal of Capital Assets	22,410	5,838
Principal Payments	-	-
Interest Payments	-	-
	<u>(1,599,203)</u>	<u>(703,371)</u>
Cash Flows from Investing Activities		
Interest Received	3,992	959
Net Change in Cash and Cash Equivalents	(338,540)	(189,477)
Cash and Cash Equivalents - Beginning	<u>5,768,611</u>	<u>1,513,725</u>
Cash and Cash Equivalents - Ending	<u>\$ 5,430,071</u>	<u>\$ 1,324,248</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 1,070,387	\$ 306,937
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	1,510,566	386,767
Other Income	219,594	33,720
(Increase) Decrease in Current Assets	(608,294)	(52,293)
Increase (Decrease) in Current Liabilities	94,418	99,964
Net Cash Provided by Operating Activities	<u>\$ 2,286,671</u>	<u>\$ 775,095</u>

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

Business-Type Activities - Enterprise Funds				Governmental
Refuse	Storm Sewer	Nonmajor Sanitary Sewer	Totals	Internal Service
\$ 582,633	\$ 1,155,627	\$ 943,829	\$ 21,402,843	\$ -
-	-	-	-	5,145,408
(1,616,729)	196,868	(364,974)	(14,605,999)	(5,047,830)
(602,800)	(143,351)	(183,591)	(3,767,566)	(411,855)
(1,636,896)	1,209,144	395,264	3,029,278	(314,277)
1,088,001	-	-	1,088,001	-
550,000	-	-	550,000	250,000
(42,564)	-	(64,320)	(1,399,044)	-
1,595,437	-	(64,320)	238,957	250,000
-	2,000,000	-	2,000,000	-
-	(7,325,887)	(407,369)	(10,064,078)	-
-	-	-	28,248	-
-	(675,000)	-	(675,000)	-
-	(657,499)	-	(657,499)	-
-	(6,658,386)	(407,369)	(9,368,329)	-
449	13,271	678	19,349	4,875
(41,010)	(5,435,971)	(75,747)	(6,080,745)	(59,402)
447,378	21,104,105	1,021,993	29,855,812	7,196,402
\$ 406,368	\$ 15,668,134	\$ 946,246	\$ 23,775,067	\$ 7,137,000
\$ (1,738,219)	\$ 1,304,599	\$ 279,465	\$ 1,223,169	\$ (721,712)
5,458	154,644	100,595	2,158,030	-
-	-	-	253,314	-
55,115	(611,960)	(8,635)	(1,226,067)	38,013
40,750	361,861	23,839	620,832	369,422
\$ (1,636,896)	\$ 1,209,144	\$ 395,264	\$ 3,029,278	\$ (314,277)

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

VILLAGE OF WINNETKA, ILLINOIS

**Statement of Fiduciary Net Position
December 31, 2015**

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,443,221
Investments	
U.S. Government and Agency Obligations	9,528,613
Common Stock	17,463,787
Corporate Bonds	6,544,584
Mutual Funds	12,557,016
Illinois Funds	59,096
Receivables	
Accrued Interest	<u>120,004</u>
Total Assets	<u>50,716,321</u>
LIABILITIES	
Accounts Payable	87,479
Due to Other Funds	<u>1,773,743</u>
Total Liabilities	<u>1,861,222</u>
NET POSITION	
Net Position Restricted for Pensions	<u>\$ 48,855,099</u>

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

VILLAGE OF WINNETKA, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2015**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 2,545,444
Contributions - Plan Members	<u>485,003</u>
Total Contributions	<u>3,030,447</u>
Investment Income	
Interest Earned	1,221,033
Net Change in Fair Value	<u>(857,267)</u>
	363,766
Less Investment Expenses	<u>(220,235)</u>
Net Investment Income	<u>143,531</u>
Total Additions	<u>3,173,978</u>
Deductions	
Administration	72,864
Benefits and Refunds	<u>3,631,698</u>
Total Deductions	<u>3,704,562</u>
Change in Fiduciary Net Position	(530,584)
Net Position Restricted for Pensions	
Beginning	<u>49,385,683</u>
Ending	<u>\$ 48,855,099</u>

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

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Winnetka (Village), Illinois, incorporated in 1869, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include police and fire safety, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, waterworks and sewerage services, refuse services, electric services, parking system services, and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Winnetka
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary Village because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

The Village's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the Village President, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's sworn firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

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 police and fire safety, village yard, motor fuel tax, downtown redevelopment, and general administrative services are classified as governmental activities. The Village's electric, water, refuse, and sewer, and sanitary 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/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

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 and business-type activities (general government, public safety, highways and streets, etc). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges for services, etc).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

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 comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either have debt outstanding or a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

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

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains two non-major special revenue funds, the Motor Fuel Tax Fund and the Foreign Fire Tax Fund.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Village does not currently utilize debt service funds.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains one major capital projects fund, the Village Facilities Fund. This fund accounts for the resources used for major rehabilitation of the public works, water and electric yards located at 1390 Willow Road. The Village maintains two non-major capital projects funds, the Downtown Development Fund and the Special Service Areas Fund.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial 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 funds 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 is (a) 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 four major enterprise funds. The Electric Fund accounts for the provision of electric utility services to the residents of the Village. The Water Fund accounts for the provision of potable water to the residents of the Village. The Refuse Fund accounts for the provision of refuse services to the residents of the Village. The Storm Sewer Fund accounts for the provision of storm sewer services to residents of the Village. The Village maintains one non-major enterprise fund, the Sanitary Sewer Fund.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Village on a cost-reimbursement basis. The Village maintains five non-major internal service funds. The Data Processing Fund is used to account for the acquisition and depreciation of Village data processing equipment and software. The Worker's Compensation Insurance Fund is used to account for the servicing and payment of claims for workers' compensation. The Health Insurance Fund is used to account for the servicing and payment of claims for health insurance. The Liability Insurance Fund is used to account for the servicing and payment of claims for liability insurance. The Fleet Fund is used to account for the costs of maintaining transportation equipment used by the Village. The Village's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the Village's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, public works, etc.).

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

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

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. The Firefighters' Pension Fund accounts for the accumulation of resources to be used for disability and retirement payments to employees covered by the plan.

The Village's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

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

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

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, 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 pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Village’s enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements

December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Cash and Investments

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

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

Interfund Receivables, Payables and Activity

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

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, franchise taxes, and grants. Business-type activities report utility charges as their major receivables.

Prepays/Inventories

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$50,000 to \$200,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

Buildings and Improvements	50 - 65 Years
Machinery & Equipment	5 - 10 Years
Furniture and Fixtures	7 - 30 Years
Infrastructure	20 - 50 Years
Plant and Equipment	7 - 30 Years
Distribution System	7 - 30 Years
Sanitary Sewer System	50 Years
Storm Sewer System	50 Years
Other Equipment	5 - 10 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow or resources (expense)/inflow of resources (revenue) until that future time.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements

December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

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

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

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

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

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position – Continued

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. All departments of the Village submit requests for their department to the Village’s Administrator so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested expenditures for the next fiscal year. 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 designations, but may not change the form of the budget.

The Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. Expenditures may not legally exceed budgeted expenses at the fund level. During the year no amendments were necessary.

DEFICIT FUND BALANCE

The following fund had a deficit fund balance at year end:

<u>Fund</u>	<u>Deficit</u>
Special Service Areas	\$ 86,485

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
Workers' Compensation Insurance	\$ 242,942

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

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. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Village – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$8,465,011 and the bank balances totaled \$9,467,277.

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than One	One to Five	Six to Ten	More Than Ten
U.S. Treasury Obligations	\$ 22,651,145	\$ -	\$ 22,651,145	\$ -	\$ -
U.S. Agency Obligations	14,513,176	-	11,054,377	-	3,458,799
Municipal Bonds	1,803,251	989,756	813,495	-	-
Corporate Bonds	608,961	608,961	-	-	-
Illinois Funds	4,742,015	4,742,015	-	-	-
	<u>\$ 44,318,548</u>	<u>\$ 6,340,732</u>	<u>\$ 34,519,017</u>	<u>\$ -</u>	<u>\$ 3,458,799</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy attempts to limit the Village's exposure to interest rate risk by matching its investments with anticipated cash flow requirements. The Village will not directly invest in securities maturing more than five (5) years from the date of purchase. Reserve funds may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village helps limit its exposure to credit risk by primarily investing in external investment pools (Illinois Funds). The Village's investment policy also prescribes to the "prudent person" rule which states that, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as possible income to be derived." As of December 31, 2015 the Village's investment in Illinois Funds was rated AAAM by Standard and Poor's. The investment ratings for the U.S. agency obligations, municipal bonds and corporate bonds are not available.

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 requires diversification of investments to avoid unreasonable risk by limiting commercial paper to the lesser of 20% of the cash and investment balance at the time of placement, or 25% of the cash and investment balance. At year-end, the Village has over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations) invested in the Illinois Funds.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Village – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy limits custodial credit risk for deposits by not maintaining funds in any institution not willing or capable of pledging required collateral for funds in excess of FDIC insurable limits. The amount of collateral provided shall not be less than 110 percent of the fair market value of the net amount of public funds secured. Pledged collateral will be held in safekeeping by an independent third party depository designated by the Village and evidenced by a safekeeping agreement. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

Custodial Credit – Investments. In the case of investments, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy does not address custodial credit risk for investments. The Village's investment in the Illinois Funds is not subject to custodial credit risk.

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$2,748,472 and the bank balances totaled \$2,729,171.

All deposits are covered by federal depository insurance, or by collateral held by the Pension Fund, or its agent, in the Pension Fund's name.

Investments. At December 31, 2015, the Fund's investments are as follows:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than One	One to Five	Six to Ten	More Than Ten
U.S. Treasury Obligations	\$ 1,875,347	\$ -	\$ 409,406	\$ 1,465,941	\$ -
U.S. Agency Obligations	2,940,205	-	261,119	178,180	2,500,906
Corporate Bonds	3,316,421	478,076	1,518,865	1,319,480	-
Illinois Funds	4,084	4,084	-	-	-
	<u>\$ 8,136,057</u>	<u>\$ 482,160</u>	<u>\$ 2,189,390</u>	<u>\$ 2,963,601</u>	<u>\$ 2,500,906</u>

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Credit Risk. The Fund’s investment policy also prescribes to the “prudent person” rule which states that, “investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as possible income to be derived.” At year-end, the Fund’s investments in U.S. agency obligations and corporate bond ratings were unavailable.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Fund’s investment in a single issuer. The Fund’s investment policy states that in no case shall the following diversification limits be exceeded unless specifically authorized by the Board:

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

At year-end, the Fund is in compliance with the guideline outlined above. In addition to the securities and fair values listed above, the Fund also has \$6,990,596 invested in mutual funds and \$8,571,240 invested in common stock. At year-end, the Fund has over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations) invested in T. Rowe Price Mutual Funds of \$1,395,776, Harbor International Mutual Funds of \$3,899,035 and Prudential Small Cap of \$1,695,784 .

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36%	0.90%
Domestic Equities	48%	3.60%
International Equities	11%	0.94%
Real Estate	5%	0.23%
Cash and Cash Equivalents	0%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in January 2016 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are listed in the table on the previous page.

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters’ Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$1,694,749 and the bank balances totaled \$2,602,939.

Deposits – Continued. All deposits are covered by federal depository insurance, or by collateral held by the Pension Fund, or its agent, in the Pension Fund’s name.

Investments. At December 31, 2015, the Fund’s investments are as follows:

	Investment Maturities (in Years)				
	Fair Value	Less Than One	One to Five	Six to Ten	More Than Ten
U.S. Treasury Obligations	\$ 1,867,251	\$ -	\$ 405,275	\$ 1,461,976	\$ -
U.S. Agency Obligations	2,845,810	-	214,275	228,942	2,402,593
Corporate Bonds	3,228,163	453,065	1,551,607	1,223,491	-
Illinois Funds	55,012	55,012	-	-	-
	<u>\$ 7,996,236</u>	<u>\$ 508,077</u>	<u>\$ 2,171,157</u>	<u>\$ 2,914,409</u>	<u>\$ 2,402,593</u>

Credit Risk. The Fund’s investment policy also prescribes to the “prudent person” rule which states that, “investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as possible income to be derived.” At year-end, the Fund’s investments in U.S. agency obligations and corporate bond ratings were unavailable.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Fund’s investment in a single issuer. The Fund’s investment policy states that in no case shall the following diversification limits be exceeded unless specifically authorized by the Board:

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

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters' Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

At year-end, the Fund is in compliance with the guideline outlined above. In addition to the securities and fair values listed above, the Fund also has \$5,566,420 invested in mutual funds and \$8,892,547 invested in common stock. At year-end, the Fund has over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Harbor International Mutual Funds of \$2,591,405 and T. Rowe Price Mutual Funds of \$2,975,015.

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36%	0.90%
Domestic Equities	52%	1.02%
International Equities	12%	3.90%
Real Estate	0%	0.00%
Cash and Cash Equivalents	0%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in January 2016 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are listed in the table on the previous page.

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.07%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land and Rights of Way	\$ 13,700,000	\$ -	\$ -	\$ 13,700,000
Depreciable Capital Assets				
Buildings and Improvements	15,328,416	227,696	-	15,556,112
Machinery and Equipment	9,811,370	1,334,623	-	11,145,993
Furniture and Fixtures	965,632	-	-	965,632
Infrastructure	29,094,475	1,293,416	-	30,387,891
	<u>55,199,893</u>	<u>2,855,735</u>	-	<u>58,055,628</u>
Less Accumulated Depreciation				
Buildings and Improvements	3,626,680	269,588	-	3,896,268
Machinery and Equipment	7,137,577	824,401	-	7,961,978
Furniture and Fixtures	818,114	-	-	818,114
Infrastructure	8,543,082	1,159,268	-	9,702,350
	<u>20,125,453</u>	<u>2,253,257</u>	-	<u>22,378,710</u>
 Total Net Depreciable Capital Assets	 <u>35,074,440</u>	 <u>602,478</u>	 -	 <u>35,676,918</u>
 Total Net Capital Assets	 <u>\$ 48,774,440</u>	 <u>\$ 602,478</u>	 <u>\$ -</u>	 <u>\$ 49,376,918</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 150,935
Public Safety	333,702
Public Works	1,755,144
Community Development	<u>13,476</u>
	<u>\$ 2,253,257</u>

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 164,008	\$ -	\$ -	\$ 164,008
Depreciable Capital Assets				
Buildings	12,158,344	154,943	-	12,313,287
Plants and Equipment	14,393,643	84,644	-	14,478,287
Distribution System	43,009,055	2,091,235	19,765	45,080,525
Sewer System	9,421,643	7,733,256	-	17,154,899
Other Equipment	11,081,623	-	-	11,081,623
	<u>90,064,308</u>	<u>10,064,078</u>	<u>19,765</u>	<u>100,108,621</u>
Less Accumulated Depreciation				
Buildings	4,451,822	206,840	-	4,658,662
Plants and Equipment	10,592,262	283,854	-	10,876,116
Distribution System	23,761,536	1,316,389	5,180	25,072,745
Sewer System	3,872,489	203,421	-	4,075,910
Other Equipment	9,412,786	147,526	-	9,560,312
	<u>52,090,895</u>	<u>2,158,030</u>	<u>5,180</u>	<u>54,243,745</u>
Total Net Depreciable Capital Assets	<u>37,973,413</u>	<u>7,906,048</u>	<u>14,585</u>	<u>45,864,876</u>
Total Net Capital Assets	<u>\$ 38,137,421</u>	<u>\$ 7,906,048</u>	<u>\$ 14,585</u>	<u>\$ 46,028,884</u>

Depreciation expense was charged to business-type activities as follows:

Electric	\$ 1,510,566
Water	386,767
Refuse	5,458
Storm Sewer	154,644
Sanitary Sewer	<u>100,595</u>
	<u>\$ 2,158,030</u>

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES AND PAYABLES

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 86,485
General Fund	Police Pension	1,209,209
General Fund	Firefighters' Pension	<u>564,534</u>
		<u>\$ 1,860,228</u>

Interfund balances result from the time lag between when transactions are recorded in the accounting system and payments between funds are made.

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Electric	\$ 1,030,000
General	Water	262,160
General	Refuse	42,564
General	Nonmajor Business-Type	64,320
Village Facilities	General	150,000
Nonmajor Governmental	General	300,000
Refuse	General	550,000
Fleet	General	<u>250,000</u>
		<u>\$ 2,649,044</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

PROPERTY TAXES

Property taxes for 2015 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 issued on or about February 1 and August 1 and are payable in two installments, on or about March 1 and September 1. The County collects such taxes and remits them periodically. As the 2015 tax levy is intended to fund expenditures for the 2015 fiscal year, these taxes are deferred as of December 31, 2015.

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$9,000,000 General Obligation Bonds of 2013, due in annual installments of \$675,000 to \$5,560,000 through December 15, 2046 plus interest at 2.00% to 4.375%.	Storm Sewer	\$ 9,000,000	\$ -	\$ 675,000	\$ 8,325,000
\$7,500,000 General Obligation Bonds of 2014, due in annual installments of \$720,000 to \$4,510,000 through December 15, 2043 plus interest at 2.10% to 4.75%.	Storm Sewer	7,500,000	-	-	7,500,000
		<u>\$ 16,500,000</u>	<u>\$ -</u>	<u>\$ 675,000</u>	<u>\$ 15,825,000</u>

Long-Term Liability Activity

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

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 1,623,425	\$ 39,554	\$ 79,108	\$ 1,583,871	\$ 158,387
Claims Payable	2,022,535	4,145,926	3,762,029	2,406,432	1,159,549
Net Pension Liability - IMRF	5,751,279	2,592,109	-	8,343,388	-
Net Pension Liability - Police	12,307,046	3,964,587	-	16,271,633	-
Net Pension Liability - Fire	13,335,541	5,387,094	-	18,722,635	-
Net Other Post-Employment Benefit Obligation	2,637,807	461,823	-	3,099,630	-
	<u>\$ 37,677,633</u>	<u>\$ 16,591,093</u>	<u>\$ 3,841,137</u>	<u>\$ 50,427,589</u>	<u>\$ 1,317,936</u>

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Business-Type Activities					
Compensated Absences	\$ 596,792	\$ 53,825	\$ 107,651	\$ 542,966	\$ 54,297
Net Pension Liability - IMRF	1,809,751	945,845	-	2,755,596	-
General Obligation Bonds	16,500,000	-	675,000	15,825,000	680,000
Landfill Post-Closure Costs	938,259	-	-	938,259	10,000
	<u>\$ 19,844,802</u>	<u>\$ 999,670</u>	<u>\$ 782,651</u>	<u>\$ 20,061,821</u>	<u>\$ 744,297</u>

For the governmental activities, the compensated absences, the net pension liability, and the net other post-employment benefit obligation are generally liquidated by the General Fund. The claims payable are liquidated by the Workers' Compensation Insurance Fund, the Health Insurance Fund, and the Liability Insurance Fund.

For the business-type activities, compensated absences are liquidated by the Electric, Water, Refuse, Storm Sewer and Sanitary Sewer Funds and the general obligation bonds are liquidated by the Storm Sewer Fund.

Landfill Closure Costs

On June 1, 1993, the Village Board approved closing the landfill by April 1, 1994, depending on the final outcome of federal regulations. The post-closure costs of \$938,259 are based on landfill capacity used to date and have been estimated by the Village engineers. The Village annually reviews these costs and adjusts them as necessary. On April 1, 1994, the Village established the Refuse Fund as a separate enterprise fund. The post-closure costs will be funded by the operations of the Refuse Fund.

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. "The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts." To date the Illinois General Assembly has set no limits for home rule municipalities. The Village is a home rule municipality.

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Business-Type Activities	
	General Obligation	
	Bonds	
	Principal	Interest
2016	\$ 680,000	\$ 643,650
2017	685,000	630,050
2018	695,000	616,350
2019	705,000	602,450
2020	720,000	588,350
2021	735,000	559,550
2022	755,000	530,150
2023	780,000	499,950
2024	-	468,750
2025	-	468,750
2026	-	468,750
2027	-	468,750
2028	-	468,750
2029	-	468,750
2030	-	468,750
2031	-	468,750
2032	-	468,750
2033	-	468,750
2034	-	468,750
2035	-	468,750
2036	-	468,750
2037	-	468,750
2038 - 42	-	1,441,750
2043 - 46	10,070,000	1,665,032
Totals	<u>\$ 15,825,000</u>	<u>\$ 14,339,782</u>

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE

Net Position Classifications

Net investment in capital assets was comprised of the following as of December 31, 2015:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 49,376,918</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 46,028,884
Plus Unspent Bond Proceeds	7,461,388
Less Capital Related Debt:	
General Obligation Bonds of 2013	(8,325,000)
General Obligation Bonds of 2014	<u>(7,500,000)</u>
Net Investment in Capital Assets	<u>\$ 37,665,272</u>

Fund Balance Classifications

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Assigned Fund Balance. The Village reports assigned fund balance in the Village Facilities Fund, a major fund and in the Downtown Redevelopment Fund, a nonmajor fund. The Village's Administrator, under authorization of the Board per the fund balance policy, has assigned these funds to future infrastructure improvement projects and downtown redevelopment based on Board approved expenditures as determined through the annual budget process.

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications – Continued

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Capital Projects Village Facilities	Nonmajor	Totals
Fund Balances				
Restricted				
Awards	\$ 716	\$ -	\$ -	\$ 716
Tax Escrow	90,495	-	-	90,495
Road Improvements	-	-	2,250,157	2,250,157
Foreign Fire	-	-	88,205	88,205
	<u>91,211</u>	<u>-</u>	<u>2,338,362</u>	<u>2,429,573</u>
Assigned				
Infrastructure Improvement Projects	-	341,234	-	341,234
Downtown Redevelopment	-	-	437,883	437,883
	<u>-</u>	<u>341,234</u>	<u>437,883</u>	<u>779,117</u>
Unassigned	<u>18,942,066</u>	<u>-</u>	<u>(86,485)</u>	<u>18,855,581</u>
Total Fund Balances	<u>\$ 19,033,277</u>	<u>\$ 341,234</u>	<u>\$ 2,689,760</u>	<u>\$ 22,064,271</u>

Net Position Restatement

Net Position was restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	Increase (Decrease)
Governmental Activities	\$ 71,376,713	\$ 44,424,267	\$ (26,952,446)
Business-Type Activities	52,670,254	51,674,093	(996,161)

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – 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; employee health; natural disasters; and injuries to the Village's employees. These risks, along with medical claims for employees and retirees, are provided for through a limited self-insurance program. The Village is self-insured for the first \$250,000 for property claims, \$70,000 per employee for medical claims, \$2,000,000 for liability claims, and \$500,000 for workers' compensation claims. Commercial insurance is carried for amounts in excess of the self-insured amounts. There were no reductions in insurance limits during 2015 from the coverage amounts in effect for 2014. The Village's self-insurance activities are reported in the Health Insurance, General Liability Insurance and Workers' Compensation internal service funds.

Premiums are paid into the internal service funds by the departments of the General Fund and other funds based upon historical cost estimates. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Reported liabilities are actuarially determined and include an amount for claims that have been incurred but not reported. There were no insurance claim settlements which exceeded the amounts of insurance coverage during 2015 and 2014.

Changes in the balances of claims liabilities during the fiscal year are as follows:

	Workers' Compensation	Health	Liability	Totals
Claims Payable - December 31, 2013	\$ 1,360,332	\$ 255,000	\$ 125,000	\$ 1,740,332
Incurred Claims	343,669	3,240,095	353,652	3,937,416
Claims Paid	(383,474)	(3,240,095)	(31,644)	(3,655,213)
Claims Payable - December 31, 2014	1,320,527	255,000	447,008	2,022,535
Incurred Claims	829,976	3,123,597	192,353	4,145,926
Claims Paid	(603,237)	(3,150,431)	(8,361)	(3,762,029)
Claims Payable - December 31, 2015	\$ 1,547,266	\$ 228,166	\$ 631,000	\$ 2,406,432

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

High-Level Excess Liability Pool

The Village is a member of the High-Level Excess Liability Pool (the POOL) which consists of 13 Illinois Municipalities. The purpose of the POOL is to act as a joint self-insurance pool for the purpose of seeking the prevention of lessening of liability claims for injuries to persons or property of claims for errors and omissions made against the members and other parties included within the scope of coverage of the POOL. The coverage provided by the POOL is \$13,000,000 per occurrence and aggregate of each member, with a self-insured retention of \$2,000,000 per member. The POOL retains \$4,000,000 per occurrence for claims and purchases \$9,000,000 excess insurance for claims above this level.

The POOL is governed by the Board of Directors which consists of one appointed representative from each Member Municipality. Each Director has an equal vote. The officers of the POOL are elected by the Board of Directors. The Board of Directors determines the general policy of the POOL, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of debt by the POOL, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the POOL Agreement or the by-laws.

The Village does not exercise any control over the activities of the POOL beyond its representation on the Board of Directors.

The POOL was organized on April 1, 1987 with the initial agreement which has been extended to April 30, 2018. The Village has committed to purchase excess liability insurance from the POOL through the term of the agreement. Annual premiums are calculated based on a formula which specifies the following four criteria: 1) Miles of streets; 2) Full-time equivalent employees; 3) Number of motor vehicles; and 4) Operating revenues.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

COMMITMENTS

High-Level Excess Liability Pool

The Village has committed to purchase excess liability insurance from the High-Level Excess Liability Pool (the POOL), an insurance pool of Illinois municipalities, through April 30, 2018. There is no minimum annual commitment amount for the purchase of this insurance coverage.

Future premiums will be calculated using the Village's allocation percentage. The POOL's agreement provides that each year members will be assessed based upon a formula which specifies the following four criteria for allocating premium costs:

- Miles of Streets
- Full-Time Equivalent Employees
- Number of Motor Vehicles
- Operating Revenues

CONTINGENT LIABILITIES

Litigation

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

Grants

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

High-Level Excess Liability Pool

The Village's agreement with the High-Level Excess Liability Pool provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Illinois Municipal Electric Agency (IMEA)

The Village's contract with the IMEA provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

JOINT VENTURES

Illinois Municipal Electric Agency (IMEA)

Description of Jointly Governed Organizations

IMEA was created in 1984 by a group of municipalities under the provisions of Division 119.1 of Article II of the Illinois Municipal code. IMEA is a body politic and corporate, municipal corporation and unit of local government of the State of Illinois. The purpose of IMEA is to jointly plan, finance, own, and operate facilities for the generation and transmission of electric power and to provide for the current and projected energy needs of the purchasing members.

IMEA is governed by a Board of Directors comprised of one representative designated from each member. The Board determines the general policies of IMEA, makes all appropriations, approves contracts, approves the issuance of debt (some of which requires the approval of each participating member), and exercises such powers and performs such duties as may be prescribed in the agreement or bylaws. Certain matters, generally of a financial nature (such as the issuance of debt or a change in cost allocation formulas) require either a super-majority vote or approval from the governing boards of participating members.

The Village is a fully participating member of IMEA, which consists of 33 members, 33 of which are fully participating. Fully participating members obtain wholesale electricity from IMEA at a reduced price and are also responsible for the outstanding debt of IMEA.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Illinois Municipal Electric Agency (IMEA) – Continued

IMEA has eight debt issues outstanding related to financing ownership of coal fired electric generation facilities. While the Village of Winnetka does not have a specific percentage of these debts as a fixed liability, the Village of Winnetka is contractually bound to purchase power from IMEA through a purchased power agreement. The purchased power contract takes into account load factor, kilowatt sales to each member, and outstanding IMEA debt in setting the price paid by the member communities for wholesale power. IMEA has \$1,087 million of long-term debt outstanding and \$41 million due in the current fiscal year ending April 30, 2015. Based on the Village's percentage of the overall demand of IMEA, projected kilowatt hour sales, and debt outstanding, it is projected that the Village will pay about \$46 million for debt principal outstanding through 2035 as part of its regular purchased power payments for debt outstanding as of April 30, 2015.

Below is a schedule of facilities where IMEA has an ownership interest:

<u>Coal Facility Name</u>	<u>% Ownership *</u>	<u>Capacity Owned (Megawatts) *</u>	<u>Status</u>
Trimble County Unit 1	12.12%	62	Operational
Trimble County Unit 2	12.12%	91	Operational
Prairie State	15.17%	<u>240</u>	Under Construction
Total		<u><u>393</u></u>	

* Per April 30, 2015 financial statements.

Summary of Operating Revenues, Operating Expenses and Changes in Net Position for the year ended April 30, 2015, in millions of dollars:

Operating Revenues	\$ 312.3
Operating Expenses	<u>238.9</u>
Net Operating Income	73.4
Other Nonoperating Expenses (Net)	<u>(53.4)</u>
Change in Net Position	<u><u>\$ 20.0</u></u>

Complete financial statements for IMEA can be obtained from IMEA's administrative office at 3400 Conifer Drive, Springfield, Illinois 62711, or on the internet at www.imea.org.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

JOINT VENTURES – Continued

Solid Waste Agency of Northern Cook County (SWANCC)

The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the SWANCC agreement or the by-laws. Separate audited financial statements are available at 2700 Patriot Blvd., Suite 110, Glenview, Illinois 60026.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan, which is also a single-employer pension plan. Separate reports are issued for the Police and Firefighter Pension Plans and may be obtained by writing to the Village at 510 Green Bay Road, Winnetka IL 60093.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF provides two tiers of pension benefits. 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.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF)– Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten 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.

Plan Membership. As of December 31, 2015, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	141
Inactive Plan Members Entitled to but not yet Receiving Benefits	36
Active Plan Members	<u>103</u>
Total	<u><u>280</u></u>

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% 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 2015 was 15.65% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF)– Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.47%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF)– Continued

Discount Rate

A Single Discount Rate of 7.47% 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 that 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 of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Net Pension Liability	\$ 20,226,198	\$ 11,098,984	\$ 3,562,148

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF)– Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 74,308,286	\$ 66,747,256	\$ 7,561,030
Changes for the Year:			
Service Cost	994,117	-	994,117
Interest on the Total Pension Liability	5,445,933	-	5,445,933
Difference Between Expected and Actual Experience of the Total Pension Liability	681,118	-	681,118
Changes of Assumptions	84,007	-	84,007
Contributions - Employer	-	1,458,442	(1,458,442)
Contributions - Employees	-	418,903	(418,903)
Net Investment Income	-	328,436	(328,436)
Benefit Payments, including Refunds of Employee Contributions	(3,997,516)	(3,997,516)	-
Other (Net Transfer)	-	1,461,440	(1,461,440)
Net Changes	3,207,659	(330,295)	3,537,954
Balances at December 31, 2015	<u>\$ 77,515,945</u>	<u>\$ 66,416,961</u>	<u>\$ 11,098,984</u>

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF)– Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Village recognized pension expense of \$1,352,493. At December 31, 2015, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 508,399	\$ (411,683)	\$ 96,716
Change in Assumptions	1,381,420	-	1,381,420
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>4,256,017</u>	-	<u>4,256,017</u>
Total Deferred Amounts Related to IMRF	<u>\$ 6,145,836</u>	<u>\$ (411,683)</u>	<u>\$ 5,734,153</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2016	\$ 1,774,128
2017	1,737,905
2018	1,291,538
2019	930,582
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 5,734,153</u>

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements
December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At December 31, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	27
Inactive Plan Members Entitled to but not yet Receiving Benefits	4
Active Plan Members	<u>27</u>
Total	<u><u>58</u></u>

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements
December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2015, the Village's contribution was 45.33% of covered payroll.

Concentrations. At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows.

Investment	Amount
T. Rowe Price Mutual Funds	\$ 1,395,776
Harbor International Mutual Funds	3,899,035
Prudential Small Cap	1,695,784

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.25%
Salary Increases	2.50% - 10.37%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates are based on the assumption study prepared by Lauterbach & Amen, LLP in 2016. The table combines observed experience of the Illinois Police Officers with the RP-2014 mortality table for blue collar workers.

Discount Rate

The discount rate used to measure the total pension liability was 6.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability	\$ 22,415,636	\$ 16,271,633	\$ 11,268,139

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 37,819,237	\$ 25,512,191	\$ 12,307,046
Changes for the Year:			
Service Cost	605,710	-	605,710
Interest on the Total Pension Liability	2,308,101	-	2,308,101
Difference Between Expected and Actual Experience of the Total Pension Liability	1,146,129	-	1,146,129
Changes of Assumptions	1,429,187	-	1,429,187
Contributions - Employer	-	1,154,177	(1,154,177)
Contributions - Employees	-	252,560	(252,560)
Net Investment Income	-	159,423	(159,423)
Benefit Payments, including Refunds of Employee Contributions	(1,779,229)	(1,779,229)	-
Other (Net Transfer)	-	(41,620)	41,620
Net Changes	3,709,898	(254,689)	3,964,587
Balances at December 31, 2015	\$ 41,529,135	\$ 25,257,502	\$ 16,271,633

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Village recognized pension expense of \$1,973,686. At December 31, 2015, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 886,235	\$ -	\$ 886,235
Change in Assumptions	1,105,108	-	1,105,108
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,153,734	-	1,153,734
Total Deferred Amounts Related to Police	<u>\$ 3,145,077</u>	<u>\$ -</u>	<u>\$ 3,145,077</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2016	\$ 872,407
2017	872,407
2018	872,407
2019	527,856
2020	-
Thereafter	-
Total	<u>\$ 3,145,077</u>

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements
December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan

Plan Descriptions – Continued

Plan Administration. The Firefighters’ Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At December 31, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	30
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>24</u>
Total	<u>54</u>

Benefits Provided. The following is a summary of the Firefighters’ Pension Plan as provided for in Illinois State Statutes.

The Firefighters’ Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3percent compounded annually thereafter.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements
December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters’ salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the police office retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters’ Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2015, the Village’s contribution was 57.01% of covered payroll.

Significant Investments. At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows.

Investment	Amount
Harbor International Mutual Funds	\$ 2,591,405
T. Rowe Price Mutual Funds	2,975,015

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.25%
Salary Increases	2.50% - 9.61%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates are based on the assumption study prepared by Lauterbach & Amen, LLP in 2016. The table combines observed experience of the Illinois Firefighters with the RP-2014 mortality table for blue collar workers.

Discount Rate

The discount rate used to measure the total pension liability was 6.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate as well as what the Village’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25)
Net Pension Liability	\$ 24,818,312	\$ 18,722,635	\$ 13,740,404

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 37,209,033	\$ 23,873,492	\$ 13,335,541
Changes for the Year:			
Service Cost	689,460	-	689,460
Interest on the Total Pension Liability	2,267,675	-	2,267,675
Difference Between Expected and Actual Experience of the Total Pension Liability	593,014	-	593,014
Changes of Assumptions	3,413,519	-	3,413,519
Contributions - Employer	-	1,391,267	(1,391,267)
Contributions - Employees	-	232,443	(232,443)
Net Investment Income	-	(15,892)	15,892
Benefit Payments, including Refunds of Employee Contributions	(1,852,469)	(1,852,469)	-
Other (Net Transfer)	-	(31,244)	31,244
Net Changes	5,111,199	(275,895)	5,387,094
Balances at December 31, 2015	\$ 42,320,232	\$ 23,597,597	\$ 18,722,635

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Village recognized pension expense of \$2,188,931. At December 31, 2015, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 499,330	\$ -	\$ 499,330
Change in Assumptions	2,874,257	-	2,874,257
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,215,844	-	1,215,844
Total Deferred Amounts Related to Fire	<u>\$ 4,589,431</u>	<u>\$ -</u>	<u>\$ 4,589,431</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2016	\$ 936,907
2017	936,907
2018	936,907
2019	936,903
2020	632,945
Thereafter	<u>208,862</u>
Total	<u>\$ 4,589,431</u>

VILLAGE OF WINNETKA, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions and Funding Policies

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

The Village provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending December 31, 2015, retirees contributed \$472,299. Active employees do not contribute to the plan until retirement.

At December 31, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	48
Active Employees	<u>141</u>
Total	<u>189</u>
Participating Employers	1

The Village does not currently have a funding policy.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of December 31, 2015 was calculated as follows:

Annual Required Contribution	\$ 838,293
Interest on the NOPEBO	105,512
Adjustment to the ARC	<u>(65,946)</u>
Annual OPEB Cost	877,859
Actual Contribution	<u>416,036</u>
Increase in the NOPEBO	461,823
NOPEBO - Beginning	<u>2,637,807</u>
NOPEBO - Ending	<u><u>\$ 3,099,630</u></u>

Trend Information

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

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2013*	\$ 602,539	\$ 277,703	46.09%	\$ 2,206,357
2014	823,937	392,487	47.64%	2,637,807
2015	877,859	416,036	47.39%	3,099,630

* For the nine months ended December 31, 2013.

VILLAGE OF WINNETKA, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress.

The funded status of the plan as of March 31, 2013, the date of the most recent actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 10,445,501
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,445,501
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 14,020,233
UAAL as a Percentage of Covered Payroll	74.50%

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

Actuarial Methods and Assumptions

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

In the March 31, 2013 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses and including a 3.00% inflation assumption) and an annual healthcare cost trend rate of 8.00%, with an ultimate rate of 6.00%. The actuarial value of assets was not determined as the Village has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Police Pension Fund
Firefighters' Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
Police Pension Fund
Firefighters' Pension Fund

- Schedule of Investment Returns
Police Pension Fund
Firefighters' Pension Fund

- Budgetary Comparison Schedule
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF WINNETKA, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2015**

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
3/31/11	\$ -	\$ 7,853,132	0.00%	\$ 7,853,132	\$ 14,172,302	55.41%
3/31/12	N/A	N/A	N/A	N/A	N/A	N/A
3/31/13	-	10,445,501	0.00%	10,445,501	14,020,233	74.50%
12/31/13 *	N/A	N/A	N/A	N/A	N/A	N/A
12/31/14	N/A	N/A	N/A	N/A	N/A	N/A
12/31/15	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
3/31/11	\$ 278,400	\$ 454,427	61.26%
3/31/12	278,400	454,428	61.26%
3/31/13	370,271	454,427	81.48%
12/31/13 *	277,703	593,132	46.82%
12/31/14	392,487	790,842	49.63%
12/31/15	416,036	838,293	49.63%

The Village is required to have an actuarial valuation performed triennially.

* For the nine months ended December 31, 2013.

VILLAGE OF WINNETKA, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 1,355,725	\$ 1,458,442	\$ 102,717	\$ 9,317,696	15.65%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.40% - 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF WINNETKA, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 1,089,023	\$ 1,095,000	\$ 5,977	\$ 2,440,019	44.88%
2015	1,110,899	1,154,177	43,278	2,546,092	45.33%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	2.50% - 10.37%
Investment Rate of Return	6.25%
Retirement Age	50-70
Mortality	L&A 2016 Illinois Police Mortality Rates

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF WINNETKA, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 1,315,341	\$ 1,321,000	\$ 5,659	\$ 2,409,734	54.82%
2015	1,327,823	1,391,267	63,444	2,440,604	57.01%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	2.50% - 9.61%
Investment Rate of Return	6.25%
Retirement Age	50-70
Mortality	L&A 2016 Illinois Police Mortality Rates

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF WINNETKA, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2015**

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 994,117
Interest	5,445,933
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	681,118
Change of Assumptions	84,007
Benefit Payments, Including Refunds of Member Contributions	<u>(3,997,516)</u>
Net Change in Total Pension Liability	3,207,659
Total Pension Liability - Beginning	<u>74,308,286</u>
Total Pension Liability - Ending	<u><u>77,515,945</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,458,442
Contributions - Members	418,903
Net Investment Income	328,436
Benefit Payments, Including Refunds of Member Contributions	(3,997,516)
Administrative Expense	<u>1,461,440</u>
Net Change in Plan Fiduciary Net Position	(330,295)
Plan Net Position - Beginning	<u>66,747,256</u>
Plan Net Position - Ending	<u><u>66,416,961</u></u>
Employer's Net Pension Liability	<u><u>\$ 11,098,984</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.68%
Covered-Employee Payroll	\$ 3,421,940
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	324.35%

VILLAGE OF WINNETKA, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2015**

	2014	2015
Total Pension Liability		
Service Cost	\$ 692,981	\$ 605,710
Interest	2,092,535	2,308,101
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	(42,166)	1,146,129
Change of Assumptions	2,499,986	1,429,187
Benefit Payments, Including Refunds of Member Contributions	(1,809,323)	(1,779,229)
Net Change in Total Pension Liability	3,434,013	3,709,898
Total Pension Liability - Beginning	34,385,224	37,819,237
Total Pension Liability - Ending	<u>\$ 37,819,237</u>	<u>\$ 41,529,135</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,095,000	\$ 1,154,177
Contributions - Members	249,185	252,560
Net Investment Income	1,552,792	159,423
Benefit Payments, Including Refunds of Member Contributions	(1,809,324)	(1,779,229)
Administrative Expense	(21,144)	(41,620)
Net Change in Plan Fiduciary Net Position	1,066,509	(254,689)
Plan Net Position - Beginning	24,445,682	25,512,191
Plan Net Position - Ending	<u>\$ 25,512,191</u>	<u>\$ 25,257,502</u>
Employer's Net Pension Liability	<u>\$ 12,307,046</u>	<u>\$ 16,271,633</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.46%	60.82%
Covered-Employee Payroll	\$ 2,440,019	\$ 2,546,092
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	504.38%	639.08%

VILLAGE OF WINNETKA, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2015**

	2014	2015
Total Pension Liability		
Service Cost	\$ 769,947	\$ 689,460
Interest	2,095,789	2,267,675
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	(99,297)	593,014
Change of Assumptions	1,815,395	3,413,519
Benefit Payments, Including Refunds of Member Contributions	(1,810,863)	(1,852,469)
Net Change in Total Pension Liability	2,770,971	5,111,199
Total Pension Liability - Beginning	34,438,062	37,209,033
Total Pension Liability - Ending	\$ 37,209,033	\$ 42,320,232
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,321,000	\$ 1,391,267
Contributions - Members	225,546	232,443
Net Investment Income	1,494,221	(15,892)
Benefit Payments, Including Refunds of Member Contributions	(1,810,863)	(1,852,469)
Administrative Expense	(13,037)	(31,244)
Net Change in Plan Fiduciary Net Position	1,216,867	(275,895)
Plan Net Position - Beginning	22,656,625	23,873,492
Plan Net Position - Ending	\$ 23,873,492	\$ 23,597,597
Employer's Net Pension Liability	\$ 13,335,541	\$ 18,722,635
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.16%	55.76%
Covered-Employee Payroll	\$ 2,409,734	\$ 2,440,604
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	553.40%	767.13%

VILLAGE OF WINNETKA, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
December 31, 2015**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.25%
2015	0.51%

VILLAGE OF WINNETKA, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Investment Returns

December 31, 2015

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2014	6.57%
2015	(0.07%)

VILLAGE OF WINNETKA, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	2015		For the Fiscal Year Ended December 31, 2014
	Original and Final Budget	Actual	Actual
Revenues			
Taxes	\$ 14,292,483	\$ 13,840,516	\$ 13,736,675
Licenses and Permits	1,806,150	2,289,140	2,396,870
Intergovernmental	2,632,000	3,021,904	2,884,250
Charges for Services	3,704,376	3,814,244	3,810,622
Fines and Forfeits	209,800	166,776	188,961
Investment Income	24,000	14,229	35,155
Miscellaneous	62,000	265,142	336,521
Total Revenues	<u>22,730,809</u>	<u>23,411,951</u>	<u>23,389,054</u>
Expenditures			
General Government	4,003,294	3,304,296	2,947,643
Public Safety	13,016,322	12,607,682	11,686,047
Community Development	1,583,287	1,465,059	1,665,518
Public Works	6,029,899	5,322,591	5,942,923
Total Expenditures	<u>24,632,802</u>	<u>22,699,628</u>	<u>22,242,131</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,901,993)</u>	<u>712,323</u>	<u>1,146,923</u>
Other Financing Sources (Uses)			
Transfers In	1,399,044	1,399,044	1,507,314
Transfers Out	(1,249,996)	(1,250,000)	(1,332,802)
	<u>149,048</u>	<u>149,044</u>	<u>174,512</u>
Net Change in Fund Balance	<u>\$ (1,752,945)</u>	861,367	1,321,435
Fund Balance - Beginning		<u>18,171,910</u>	<u>16,850,475</u>
Fund Balance - Ending		<u>\$ 19,033,277</u>	<u>\$ 18,171,910</u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
 - General Fund
 - Village Facilities – Capital Projects Fund

- Nonmajor Governmental Funds
 - Combining Balance Sheet
 - Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 - Budgetary Comparison Schedules
 - Motor Fuel Tax – Special Revenue Fund
 - Foreign Fire Tax – Special Revenue Fund
 - Downtown Redevelopment – Capital Projects Fund
 - Special Service Areas – Capital Projects Fund

- Budgetary Comparison Schedules – Enterprise Funds
 - Electric – Major Enterprise Fund
 - Water – Major Enterprise Fund
 - Refuse – Major Enterprise Fund
 - Storm Sewer – Major Enterprise Fund
 - Sanitary Sewer – Nonmajor Enterprise Fund

- Internal Service Funds
 - Combining Statement of Net Position
 - Combining Statement of Revenues, Expenses, and Changes in Net Position
 - Combining Statement of Cash Flows
 - Budgetary Comparison Schedules
 - Data Processing Fund
 - Workers' Compensation Insurance Fund
 - Health Insurance Fund
 - Liability Insurance Fund
 - Fleet Fund

- Fiduciary Funds
 - Combining Statement of Net Position
 - Combining Statement of Changes in Net Position
 - Budgetary Comparison Schedules
 - Police Pension Fund
 - Firefighters' Pension Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the activities involved with street maintenance and construction. Financing is provided by the Village's share of gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

Foreign Fire Tax Fund

The Foreign Fire Tax Fund is used to account for the revenue derived from a 2% tax of the gross receipts from out-of-state businesses engaged in providing fire insurance within the Village.

CAPITAL PROJECTS FUND

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary and Trust Funds.

Village Facilities Fund

The Village Facilities Fund is used to account for the resources for major rehabilitation of the public works, water, and electric yards located at 1390 Willow Road.

Downtown Redevelopment Fund

The Downtown Redevelopment Fund is used to account for the resources for the redevelopment of the Village owned area of the downtown business district currently occupied by the post office. Financing is provided by transfers from the General Fund.

Special Service Areas Fund

The Special Service Areas Fund is used to account for specific tax levies and related costs of the Village's special service areas.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Electric Fund

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

Water Fund

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

Refuse Fund

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

Storm Sewer Fund

The Storm Sewer Fund is used to account for the provision of storm sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including but not limited to: administration, operations, maintenance, financing and related debt service, and billing and collection.

Sanitary Sewer Fund

The Sanitary Sewer Fund is used to account for the provision of sanitary sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including but not limited to: administration, operations, maintenance, financing and related debt service, and billing and collection.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies other governmental unit, or to other governmental units, on a cost-reimbursement basis.

Data Processing Fund

The Data Processing Fund is used to account for the acquisition and depreciation of Village data processing equipment and software. Finance is provided by charges to the various Village funds.

Workers' Compensation Insurance Fund

The Worker's Compensation Insurance Fund is used to account for the servicing and payment of claims for workers' compensation. Financing is provided by charges to the various Village funds.

Health Insurance Fund

The Health Insurance Fund is used to account for the servicing and payment of claims for health insurance. Financing is provided by charges to the various Village funds.

Liability Insurance Fund

The Liability Insurance Fund is used to account for the servicing and payment of claims for liability insurance. Financing is provided by charges to the various Village funds.

Fleet Fund

The Fleet Fund is used to account for the costs of maintaining transportation equipment used by the Village. Financing is provided by charges to the various Village funds.

TRUST FUNDS

PENSION TRUST FUNDS

Police Pension Fund

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

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

TRUST FUNDS - Continued

PENSION TRUST FUNDS - Continued

Firefighters' Pension Fund

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

VILLAGE OF WINNETKA, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Taxes		
Property - Current	\$ 13,202,483	\$ 12,824,366
Natural Gas	550,000	487,513
Telecommunications Tax	540,000	528,637
	14,292,483	13,840,516
Licenses and Permits		
Licenses		
Vehicle	280,000	303,124
Dog	10,000	10,159
Liquor	13,150	7,325
Other	3,000	21,257
Permits		
Building	1,500,000	1,758,219
Sewer, Sidewalks, and Miscellaneous	-	187,165
Compliance Fees	-	1,891
	1,806,150	2,289,140
Intergovernmental		
General Sales Tax	1,300,000	1,510,357
Illinois State Income Tax	1,182,000	1,292,669
Corporate Property Replacement Tax	90,000	150,010
Grants	60,000	68,868
	2,632,000	3,021,904
Charges for Services		
Administrative Charges	1,772,400	1,772,400
Franchise Fees	272,000	314,054
Public Safety Services	993,008	1,022,259
Ambulance Fees	136,500	153,004
False Alarm Charges	15,000	8,500
Parking	160,400	169,883
Property Rental	310,068	346,234
State Route Maintenance	45,000	27,910
	3,704,376	3,814,244

VILLAGE OF WINNETKA, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Fines and Forfeits		
Justice Fines and Costs	\$ 209,800	\$ 166,776
Investment Income	24,000	14,229
Miscellaneous		
Proceeds from Sale of Personal Property	5,000	22,429
Pole Rental	52,000	64,775
Miscellaneous	5,000	177,938
	62,000	265,142
Total Revenues	\$ 22,730,809	\$ 23,411,951

VILLAGE OF WINNETKA, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
General Government		
Public Affairs	\$ 299,950	\$ 217,698
General Administration	3,703,344	3,086,598
Total General Government	<u>4,003,294</u>	<u>3,304,296</u>
Public Safety		
Police Department		
Administration	2,193,365	2,192,200
Public Service Officers	287,707	287,937
General and Criminal Records	236,253	169,237
Communication System	483,474	506,112
Investigation	522,708	491,165
Uniform Patrol	3,331,239	3,111,381
Total Police Department	<u>7,054,746</u>	<u>6,758,032</u>
Fire Department		
Administration	1,413,230	1,406,961
Training	80,106	52,918
Communications	171,008	145,833
Community Services	3,630	331
Life Safety	62,398	62,732
Firefighting Force	3,658,645	3,615,756
Ambulance Service	572,559	565,119
Total Fire Department	<u>5,961,576</u>	<u>5,849,650</u>
Total Public Safety	<u>13,016,322</u>	<u>12,607,682</u>
Community Development		
Community Development Department	1,583,287	1,465,059
Public Works		
Public Works Department	6,029,899	5,322,591
Total Expenditures	<u>\$ 24,632,802</u>	<u>\$ 22,699,628</u>

VILLAGE OF WINNETKA, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
General Government		
Public Affairs		
Legal		
Contractual Services	\$ 66,000	\$ 35,221
Surety Bonds and Insurance		
Contractual Services	45,500	34,127
Sundry		
Commodities	188,450	147,100
Contractual Services	-	1,250
	<u>188,450</u>	<u>148,350</u>
Total Public Affairs	<u>299,950</u>	<u>217,698</u>
General Administration		
Office of the Manager and Clerk		
Salaries	516,960	541,800
Personnel Costs	146,698	184,127
Contractual Services	171,800	104,802
Commodities	24,840	31,196
	<u>860,298</u>	<u>861,925</u>
Legal Expense		
Contractual Services	10,000	5,924
Financial Administration		
Salaries	1,142,854	1,181,669
Personnel Costs	418,068	457,339
Contractual Services	127,164	114,826
Commodities	101,450	101,846
Vehicle Expense	4,610	4,610
Training	3,900	3,310
Equipment	1,035,000	355,149
	<u>2,833,046</u>	<u>2,218,749</u>
Total General Administration	<u>3,703,344</u>	<u>3,086,598</u>

VILLAGE OF WINNETKA, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
General Government - Continued		
Total General Government	\$ 4,003,294	\$ 3,304,296
Public Safety		
Police Department		
Administration		
Salaries	626,950	670,713
Personnel Costs	159,748	401,535
Contractual Services	715,539	563,138
Supplies	231,400	192,242
Vehicle Expense	143,728	146,731
Training	66,000	55,561
Equipment	250,000	162,280
	2,193,365	2,192,200
Public Service Officers		
Salaries	213,233	211,839
Personnel Costs	74,474	76,098
	287,707	287,937
General and Criminal Records		
Salaries	175,798	131,184
Personnel Costs	60,455	38,053
	236,253	169,237
Communication System		
Salaries	402,533	368,124
Personnel Costs	80,941	137,988
	483,474	506,112
Investigation		
Salaries	326,947	321,889
Personnel Costs	195,761	169,276
	522,708	491,165

VILLAGE OF WINNETKA, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Public Safety - Continued		
Police Department - Continued		
Uniform Patrol		
Salaries	\$ 2,008,637	\$ 2,014,685
Personnel Costs	1,322,602	1,096,696
	<u>3,331,239</u>	<u>3,111,381</u>
Total Police Department	<u>7,054,746</u>	<u>6,758,032</u>
Fire Department		
Administration		
Salaries	348,381	353,815
Personnel Costs	186,290	228,081
Contractual Services	182,990	125,957
Supplies	15,750	11,237
Vehicle Expense	671,513	687,821
Equipment	8,306	50
	<u>1,413,230</u>	<u>1,406,961</u>
Training		
Salaries	46,646	25,482
Personnel Costs	926	1,728
Training	32,534	25,708
	<u>80,106</u>	<u>52,918</u>
Communications		
Contractual Services	<u>171,008</u>	<u>145,833</u>
Community Services		
Salaries	2,512	-
Personnel Costs	168	-
Training	950	331
	<u>3,630</u>	<u>331</u>

VILLAGE OF WINNETKA, ILLINOIS

General Fund

**Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Public Safety - Continued		
Fire Department - Continued		
Life Safety		
Salaries	\$ 53,848	\$ 50,781
Personnel Costs	-	3,979
Contractual Services	1,550	-
Supplies	7,000	7,972
	<u>62,398</u>	<u>62,732</u>
Firefighting Force		
Salaries	2,087,430	2,144,336
Personnel Costs	1,462,015	1,408,555
Contractual Services	10,750	11,110
Supplies	98,450	51,755
	<u>3,658,645</u>	<u>3,615,756</u>
Ambulance Service		
Salaries	314,763	319,879
Personnel Costs	218,046	215,635
Contractual Services	1,000	1,735
Supplies	30,950	25,443
Training	7,800	2,427
	<u>572,559</u>	<u>565,119</u>
Total Fire Department	<u>5,961,576</u>	<u>5,849,650</u>
Total Public Safety	<u>13,016,322</u>	<u>12,607,682</u>
Community Development		
Community Development Department		
Salaries	667,493	591,041
Personnel Costs	266,494	232,851
Contractual Services	624,900	618,894
Supplies	18,600	19,902
Training	4,000	371
Vehicle Expense	1,800	2,000
	<u>1,583,287</u>	<u>1,465,059</u>
Total Community Development	<u>1,583,287</u>	<u>1,465,059</u>

VILLAGE OF WINNETKA, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Public Works		
Public Works Department		
Administration		
Salaries	\$ 426,329	\$ 461,444
Personnel Costs	250,124	333,685
Contractual Services	323,020	253,950
Supplies	297,000	313,913
Vehicle Expense	225,204	225,204
Training	14,500	9,195
Equipment	930,001	517,203
	<u>2,466,178</u>	<u>2,114,594</u>
Engineering		
Salaries	186,645	181,462
Personnel Costs	62,633	61,994
Contractual Services	31,500	14,240
Supplies	-	8,173
	<u>280,778</u>	<u>265,869</u>
Street Maintenance		
Salaries	758,065	811,374
Personnel Costs	324,200	338,025
Contractual Services	235,000	185,184
	<u>1,317,265</u>	<u>1,334,583</u>
Pavement Reconstruction		
Equipment/Reconstruction	<u>1,220,000</u>	<u>978,463</u>
Drainage		
Salaries	-	4,505
Personnel Costs	-	1,673
Contractual Services	-	87
	<u>-</u>	<u>6,265</u>

VILLAGE OF WINNETKA, ILLINOIS

General Fund

Schedule of Detailed Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Public Works - Continued		
Public Works Department - Continued		
Snow Removal and Ice Control		
Salaries	\$ 80,048	\$ 76,204
Personnel Costs	18,071	22,282
Contractual Services	-	450
Supplies	179,400	145,589
	<u>277,519</u>	<u>244,525</u>
Forestry		
Salaries	105,551	110,583
Personnel Costs	30,608	32,019
Supplies	332,000	235,690
	<u>468,159</u>	<u>378,292</u>
Total Public Works	<u>6,029,899</u>	<u>5,322,591</u>
Total Expenditures	<u>\$ 24,632,802</u>	<u>\$ 22,699,628</u>

VILLAGE OF WINNETKA, ILLINOIS

Village Facilities - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Revenues		
Investment Income	\$ 3,000	\$ 410
Expenditures		
Capital Outlay	340,000	227,696
Excess (Deficiency) of Revenues Over (Under) Expenditures	(337,000)	(227,286)
Other Financing Sources		
Transfers In	150,000	150,000
Net Change in Fund Balance	<u>\$ (187,000)</u>	(77,286)
Fund Balance - Beginning		<u>418,520</u>
Fund Balance - Ending		<u>\$ 341,234</u>

VILLAGE OF WINNETKA, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
December 31, 2015**

See Following Page

VILLAGE OF WINNETKA, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
December 31, 2015**

	<u>Special Motor Fuel Tax</u>
ASSETS	
Cash and Investments	\$ 2,222,652
Due from Other Governments	<u>27,505</u>
Total Assets	<u><u>2,250,157</u></u>
LIABILITIES	
Accounts Payable	-
Due to Other Funds	<u>-</u>
Total Liabilities	<u>-</u>
FUND BALANCES	
Restricted	2,250,157
Assigned	-
Unassigned	<u>-</u>
Total Fund Balances	<u><u>2,250,157</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 2,250,157</u></u>

Revenue	Capital Projects		
Foreign Fire Tax	Downtown Redevelopment	Special Service Areas	Totals
\$ 93,414	\$ 474,402	\$ -	\$ 2,790,468
-	-	-	27,505
93,414	474,402	-	2,817,973
5,209	36,519	-	41,728
-	-	86,485	86,485
5,209	36,519	86,485	128,213
88,205	-	-	2,338,362
-	437,883	-	437,883
-	-	(86,485)	(86,485)
88,205	437,883	(86,485)	2,689,760
\$ 93,414	\$ 474,402	\$ -	\$ 2,817,973

VILLAGE OF WINNETKA, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015

	<u>Special Motor Fuel Tax</u>
Revenues	
Taxes	\$ -
Intergovernmental	297,941
Investment Income	943
Total Revenues	<u>298,884</u>
Expenditures	
Public Safety	-
Community Development	-
Public Works	56
Total Expenditures	<u>56</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	298,828
Other Financing Sources	
Transfers In	<u>-</u>
Net Change in Fund Balances	298,828
Fund Balances - Beginning	<u>1,951,329</u>
Fund Balances - Ending	<u>\$ 2,250,157</u>

Revenue	Capital Projects		
Foreign Fire Tax	Downtown Redevelopment	Special Service Areas	Totals
\$ -	\$ -	\$ 39,872	\$ 39,872
71,914	-	-	369,855
48	379	20	1,390
71,962	379	39,892	411,117
73,074	-	-	73,074
-	185,702	-	185,702
-	-	-	56
73,074	185,702	-	258,832
(1,112)	(185,323)	39,892	152,285
-	300,000	-	300,000
(1,112)	114,677	39,892	452,285
89,317	323,206	(126,377)	2,237,475
\$ 88,205	\$ 437,883	\$ (86,485)	\$ 2,689,760

VILLAGE OF WINNETKA, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Revenues		
Intergovernmental		
Motor Fuel Tax Allotments	\$ 360,000	\$ 297,941
Investment Income	1,000	943
Total Revenues	<u>361,000</u>	<u>298,884</u>
Expenditures		
Public Works		
Street - Traffic Signal Maintenance and Improvement	<u>355,000</u>	<u>56</u>
Net Change in Fund Balance	<u>\$ 6,000</u>	298,828
Fund Balance - Beginning		<u>1,951,329</u>
Fund Balance - Ending		<u>\$ 2,250,157</u>

VILLAGE OF WINNETKA, ILLINOIS

Foreign Fire Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Revenues		
Intergovernmental		
Foreign Fire Insurance Tax	\$ 75,000	\$ 71,914
Investment Income	-	48
Total Revenues	<u>75,000</u>	<u>71,962</u>
Expenditures		
Public Safety		
Supplies	<u>100,000</u>	<u>73,074</u>
Net Change in Fund Balance	<u>\$ (25,000)</u>	(1,112)
Fund Balance - Beginning		<u>89,317</u>
Fund Balance - Ending		<u>\$ 88,205</u>

VILLAGE OF WINNETKA, ILLINOIS

Downtown Redevelopment - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Revenues		
Investment Income	\$ 1,000	\$ 379
Expenditures		
Community Development		
Miscellaneous	460,000	185,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	(459,000)	(185,323)
Other Financing Sources		
Transfers In	300,000	300,000
Net Change in Fund Balance	<u>\$ (159,000)</u>	114,677
Fund Balance - Beginning		<u>323,206</u>
Fund Balance - Ending		<u>\$ 437,883</u>

VILLAGE OF WINNETKA, ILLINOIS

Special Service Areas - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Revenues		
Taxes		
Property Taxes	\$ 40,948	\$ 39,872
Investment Income	-	20
Total Revenues	<u>40,948</u>	<u>39,892</u>
Expenditures		
Capital Outlay		
Construction	-	-
Net Change in Fund Balance	<u>\$ 40,948</u>	39,892
Fund Balance - Beginning		<u>(126,377)</u>
Fund Balance - Ending		<u>\$ (86,485)</u>

VILLAGE OF WINNETKA, ILLINOIS

Electric - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Operating Revenues		
Charges for Services	\$ 15,319,554	\$ 15,533,516
Miscellaneous	90,000	62,819
Total Operating Revenues	<u>15,409,554</u>	<u>15,596,335</u>
Operating Expenses		
Administration		
General and Administrative	2,134,965	1,986,933
Operations		
Generation	9,759,776	9,152,130
Distribution	1,878,480	1,876,319
Depreciation	1,600,000	1,510,566
Total Operating Expenses	<u>15,373,221</u>	<u>14,525,948</u>
Operating Income	<u>36,333</u>	<u>1,070,387</u>
Nonoperating Revenues		
Investment Income	10,000	3,992
Rental Income	144,678	156,114
Other Income	-	63,480
Disposal of Capital Assets	10,000	21,621
	<u>164,678</u>	<u>245,207</u>
Income Before Transfers	201,011	1,315,594
Transfers Out	<u>(1,030,001)</u>	<u>(1,030,000)</u>
Change in Net Position	<u>\$ (828,990)</u>	285,594
Net Position - Beginning as Restated		<u>27,336,020</u>
Net Position - Ending		<u>\$ 27,621,614</u>

VILLAGE OF WINNETKA, ILLINOIS

Water - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Operating Revenues		
Charges for Services	\$ 4,106,158	\$ 3,409,295
Miscellaneous	12,500	122,397
Total Operating Revenues	<u>4,118,658</u>	<u>3,531,692</u>
Operating Expenses		
Administration		
General and Administrative	1,352,332	1,232,979
Operations		
Pumping	890,428	958,635
Distribution	725,249	646,374
Depreciation	440,000	386,767
Total Operating Expenses	<u>3,408,009</u>	<u>3,224,755</u>
Operating Income	<u>710,649</u>	<u>306,937</u>
Nonoperating Revenues (Expenses)		
Investment Income	1,300	959
Other Income	-	33,720
Disposal of Capital Assets	-	(7,958)
	<u>1,300</u>	<u>26,721</u>
Income Before Transfers	711,949	333,658
Transfers Out	<u>(262,160)</u>	<u>(262,160)</u>
Change in Net Position	<u>\$ 449,789</u>	71,498
Net Position - Beginning as Restated		<u>11,814,864</u>
Net Position - Ending		<u>\$ 11,886,362</u>

VILLAGE OF WINNETKA, ILLINOIS

Refuse - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Operating Revenues		
Charges for Services	\$ 535,000	\$ 531,060
Miscellaneous	-	(3,542)
Total Operating Revenues	<u>535,000</u>	<u>527,518</u>
Operating Expenses		
Administration		
General and Administrative	127,080	180,805
Operations		
Collection	1,340,557	1,332,515
Disposal	388,710	346,995
Recycling	329,875	319,001
Landfill Monitoring	113,000	80,963
Depreciation	135,000	5,458
Total Operating Expenses	<u>2,434,222</u>	<u>2,265,737</u>
Operating Income (Loss)	<u>(1,899,222)</u>	<u>(1,738,219)</u>
Nonoperating Revenues		
Property Taxes	1,100,000	1,088,001
Investment Income	600	449
	<u>1,100,600</u>	<u>1,088,450</u>
Income (Loss) Before Transfers	<u>(798,622)</u>	<u>(649,769)</u>
Transfers In	550,000	550,000
Transfers Out	(42,564)	(42,564)
	<u>507,436</u>	<u>507,436</u>
Change in Net Position	<u>\$ (291,186)</u>	(142,333)
Net Position - Beginning as Restated		<u>961,637</u>
Net Position - Ending		<u>\$ 819,304</u>

VILLAGE OF WINNETKA, ILLINOIS

Storm Sewer - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Operating Revenues		
Charges for Services	\$ 2,096,000	\$ 1,767,587
Operating Expenses		
Operations	504,291	308,344
Depreciation	-	154,644
Total Operating Expenses	504,291	462,988
Operating Income	1,591,709	1,304,599
Nonoperating Revenues (Expenses)		
Investment Income	15,000	13,271
Interest Expense	(662,150)	(657,499)
	(647,150)	(644,228)
Income Before Capital Contributions	944,559	660,371
Capital Grants	2,000,000	2,000,000
Change in Net Position	\$ 2,944,559	2,660,371
Net Position - Beginning as Restated		8,379,113
Net Position - Ending		\$ 11,039,484

VILLAGE OF WINNETKA, ILLINOIS

Sanitary Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Operating Revenues		
Charges for Services	\$ 1,176,546	\$ 952,464
Operating Expenses		
Administration		
General and Administrative	140,040	156,403
Operations	660,719	416,001
Depreciation	80,000	100,595
Total Operating Expenses	<u>880,759</u>	<u>672,999</u>
Operating Income	295,787	279,465
Nonoperating Revenues		
Investment Income	<u>1,200</u>	<u>678</u>
Income Before Transfers	296,987	280,143
Transfers Out	<u>(64,320)</u>	<u>(64,320)</u>
Change in Net Position	<u>\$ 232,667</u>	215,823
Net Position - Beginning as Restated		<u>3,182,459</u>
Net Position - Ending		<u>\$ 3,398,282</u>

VILLAGE OF WINNETKA, ILLINOIS

Internal Service Funds

**Combining Statement of Net Position
December 31, 2015**

See Following Page

VILLAGE OF WINNETKA, ILLINOIS

Internal Service Funds

**Combining Statement of Net Position
December 31, 2015**

	<u>Data Processing</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 819,126
Receivables - Net of Allowances	
Accounts	-
Inventories	-
Total Current Assets	<u>819,126</u>
Noncurrent Assets	
Capital Assets	
Depreciable	299,598
Accumulated Depreciation	<u>(299,598)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>819,126</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	2,742
Accrued Payroll	-
Claims Payable	-
Total Current Liabilities	<u>2,742</u>
Noncurrent Liabilities	
Claims Payable	<u>-</u>
Total Liabilities	<u>2,742</u>
NET POSITION	
Investment in Capital Assets	-
Unrestricted	<u>816,384</u>
Total Net Position	<u>\$ 816,384</u>

Workers' Compensation Insurance	Health Insurance	Liability Insurance	Fleet	Totals
\$ 1,999,130	\$ 1,525,076	\$ 2,395,361	\$ 398,307	\$ 7,137,000
-	1,277	257	6,645	8,179
-	-	-	14,670	14,670
1,999,130	1,526,353	2,395,618	419,622	7,159,849
-	-	-	-	299,598
-	-	-	-	(299,598)
-	-	-	-	-
1,999,130	1,526,353	2,395,618	419,622	7,159,849
-	30	397	5,353	8,522
-	-	-	15,258	15,258
773,633	228,166	157,750	-	1,159,549
773,633	228,196	158,147	20,611	1,183,329
773,633	-	473,250	-	1,246,883
1,547,266	228,196	631,397	20,611	2,430,212
-	-	-	-	-
451,864	1,298,157	1,764,221	399,011	4,729,637
\$ 451,864	\$ 1,298,157	\$ 1,764,221	\$ 399,011	\$ 4,729,637

VILLAGE OF WINNETKA, ILLINOIS

Internal Service Funds

**Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended December 31, 2015**

	<u>Data Processing</u>
Operating Revenues	
Interfund Services	<u>\$ 331,732</u>
Operating Expenses	
Administration	43,440
Operations	<u>287,981</u>
Total Operating Expenses	<u>331,421</u>
Operating Income (Loss)	311
Nonoperating Revenues	
Investment Income	<u>585</u>
Income (Loss) Before Transfers	896
Transfers In	<u>-</u>
Change in Net Position	896
Net Position - Beginning	<u>815,488</u>
Net Position - Ending	<u><u>\$ 816,384</u></u>

Workers' Compensation Insurance	Health Insurance	Liability Insurance	Fleet	Totals
\$ 529,249	\$ 3,328,662	\$ -	\$ 917,752	\$ 5,107,395
-	26,500	77,373	43,440	190,753
940,942	3,417,404	192,353	799,674	5,638,354
940,942	3,443,904	269,726	843,114	5,829,107
(411,693)	(115,242)	(269,726)	74,638	(721,712)
1,457	903	1,646	284	4,875
(410,236)	(114,339)	(268,080)	74,922	(716,837)
-	-	-	250,000	250,000
(410,236)	(114,339)	(268,080)	324,922	(466,837)
862,100	1,412,496	2,032,301	74,089	5,196,474
\$ 451,864	\$ 1,298,157	\$ 1,764,221	\$ 399,011	\$ 4,729,637

VILLAGE OF WINNETKA, ILLINOIS

Internal Service Funds

Combining Statement of Cash Flows For the Fiscal Year Ended December 31, 2015

	<u>Data Processing</u>
Cash Flows from Operating Activities	
Receipts from Interfund Services	\$ 331,732
Payments to Suppliers	(180,970)
Payments to Employees	(153,478)
	<u>(2,716)</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	<u>-</u>
Cash Flows from Investing Activities	
Interest Received	<u>585</u>
Net Change in Cash and Cash Equivalents	(2,131)
Cash and Cash Equivalents - Beginning	<u>821,257</u>
Cash and Cash Equivalents - Ending	<u>\$ 819,126</u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 311
Adjustments to Reconcile Operating Income to Net	
Cash Provided by (Used in) Operating Activities	
(Increase) Decrease in Current Assets	-
Increase (Decrease) in Current Liabilities	<u>(3,027)</u>
Net Cash Provided by Operating Activities	<u>\$ (2,716)</u>

Worker's Compensated Insurance	Health Insurance	Liability Insurance	Fleet	Totals
\$ 529,249 (714,203)	\$ 3,331,128 (3,470,708)	\$ 14,033 (85,337)	\$ 939,266 (596,612)	\$ 5,145,408 (5,047,830)
- (184,954)	- (139,580)	- (71,304)	(258,377) 84,277	(411,855) (314,277)
-	-	-	250,000	250,000
1,457	903	1,646	284	4,875
(183,497)	(138,677)	(69,658)	334,561	(59,402)
2,182,627	1,663,753	2,465,019	63,746	7,196,402
\$ 1,999,130	\$ 1,525,076	\$ 2,395,361	\$ 398,307	\$ 7,137,000
\$ (411,693)	\$ (115,242)	\$ (269,726)	\$ 74,638	\$ (721,712)
- 226,739	2,466 (26,804)	14,033 184,389	21,514 (11,875)	38,013 369,422
\$ (184,954)	\$ (139,580)	\$ (71,304)	\$ 84,277	\$ (314,277)

VILLAGE OF WINNETKA, ILLINOIS

Data Processing - Internal Service Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Operating Revenues		
Interfund Services	\$ 328,200	\$ 331,732
Operating Expenses		
Administration	60,816	43,440
Operations	362,800	287,981
Depreciation	35,000	-
Total Operating Expenses	458,616	331,421
Operating Income (Loss)	(130,416)	311
Nonoperating Revenues		
Investment Income	1,200	585
Change in Net Position	<u>\$ (129,216)</u>	896
Net Position - Beginning		<u>815,488</u>
Net Position - Ending		<u>\$ 816,384</u>

VILLAGE OF WINNETKA, ILLINOIS

Workers' Compensation Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Operating Revenues		
Interfund Services	\$ 528,492	\$ 529,249
Operating Expenses		
Operations	698,000	940,942
Operating Income (Loss)	(169,508)	(411,693)
Nonoperating Revenues		
Investment Income	2,000	1,457
Change in Net Position	<u>\$ (167,508)</u>	(410,236)
Net Position - Beginning		<u>862,100</u>
Net Position - Ending		<u>\$ 451,864</u>

VILLAGE OF WINNETKA, ILLINOIS

Health Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Operating Revenues		
Interfund Services	\$ 3,193,672	\$ 3,328,662
Operating Expenses		
Administration	639,552	26,500
Operations	2,888,788	3,417,404
Total Operating Expenses	<u>3,528,340</u>	<u>3,443,904</u>
Operating Income (Loss)	(334,668)	(115,242)
Nonoperating Revenues		
Investment Income	<u>15,000</u>	<u>903</u>
Change in Net Position	<u>\$ (319,668)</u>	(114,339)
Net Position - Beginning		<u>1,412,496</u>
Net Position - Ending		<u>\$ 1,298,157</u>

VILLAGE OF WINNETKA, ILLINOIS

Liability Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Original and Final Budget	Actual
Operating Revenues		
Interfund Services	\$ 10,000	\$ -
Operating Expenses		
Administration	110,000	77,373
Operations	195,000	192,353
Total Operating Expenses	<u>305,000</u>	<u>269,726</u>
Operating Income (Loss)	(295,000)	(269,726)
Nonoperating Revenues		
Investment Income	<u>2,000</u>	<u>1,646</u>
Change in Net Position	<u>\$ (293,000)</u>	(268,080)
Net Position - Beginning		<u>2,032,301</u>
Net Position - Ending		<u>\$ 1,764,221</u>

VILLAGE OF WINNETKA, ILLINOIS

Fleet - Internal Service Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Operating Revenues		
Interfund Services	\$ 1,154,900	\$ 917,752
Operating Expenses		
Administration	44,000	43,440
Operations	867,950	799,674
Total Operating Expenses	911,950	843,114
Operating Income	242,950	74,638
Nonoperating Revenues		
Investment Income	-	284
Income Before Transfers	242,950	74,922
Transfers In	-	250,000
Change in Net Position	<u>\$ 242,950</u>	324,922
Net Position - Beginning		<u>74,089</u>
Net Position - Ending		<u>\$ 399,011</u>

VILLAGE OF WINNETKA, ILLINOIS

Pension Trust Funds

**Combining Statement of Fiduciary Net Position
December 31, 2015**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 2,748,472	\$ 1,694,749	\$ 4,443,221
Investments			
U.S. Government and Agency Obligations	4,815,552	4,713,061	9,528,613
Common Stock	8,571,240	8,892,547	17,463,787
Corporate Bonds	3,316,421	3,228,163	6,544,584
Mutual Funds	6,990,596	5,566,420	12,557,016
Illinois Funds	4,084	55,012	59,096
Receivables			
Accrued Interest	60,186	59,818	120,004
Total Assets	26,506,551	24,209,770	50,716,321
LIABILITIES			
Accounts Payable	39,840	47,639	87,479
Due to Other Funds	1,209,209	564,534	1,773,743
Total Liabilities	1,249,049	612,173	1,861,222
NET POSITION			
Net Position Restricted for Pensions	\$ 25,257,502	\$ 23,597,597	\$ 48,855,099

VILLAGE OF WINNETKA, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2015**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 1,154,177	\$ 1,391,267	\$ 2,545,444
Contributions - Plan Members	252,560	232,443	485,003
Total Contributions	1,406,737	1,623,710	3,030,447
Investment Income			
Interest Earned	719,071	501,962	1,221,033
Net Change in Fair Value	(444,971)	(412,296)	(857,267)
	274,100	89,666	363,766
Less Investment Expenses	(114,677)	(105,558)	(220,235)
Net Investment Income	159,423	(15,892)	143,531
Total Additions	1,566,160	1,607,818	3,173,978
Deductions			
Administration	41,620	31,244	72,864
Benefits and Refunds	1,779,229	1,852,469	3,631,698
Total Deductions	1,820,849	1,883,713	3,704,562
Change in Fiduciary Net Position	(254,689)	(275,895)	(530,584)
Net Position Restricted for Pensions			
Beginning	25,512,191	23,873,492	49,385,683
Ending	\$ 25,257,502	\$ 23,597,597	\$ 48,855,099

VILLAGE OF WINNETKA, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
Additions		
Contributions - Employer	\$ 1,150,000	\$ 1,154,177
Contributions - Plan Members	250,000	252,560
Total Contributions	<u>1,400,000</u>	<u>1,406,737</u>
Investment Income		
Interest Earned	1,636,250	719,071
Net Change in Fair Value	-	(444,971)
	<u>1,636,250</u>	<u>274,100</u>
Less Investment Expenses	-	(114,677)
Net Investment Income	<u>1,636,250</u>	<u>159,423</u>
Total Additions	<u>3,036,250</u>	<u>1,566,160</u>
Deductions		
Administration	50,500	41,620
Benefits and Refunds	2,050,000	1,779,229
Total Deductions	<u>2,100,500</u>	<u>1,820,849</u>
Change in Fiduciary Net Position	<u>\$ 935,750</u>	(254,689)
Net Position Restricted for Pensions		
Beginning		<u>25,512,191</u>
Ending		<u>\$ 25,257,502</u>

VILLAGE OF WINNETKA, ILLINOIS

Firefighters' Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	Original and Final Budget	Actual
<hr/> <hr/>		
Additions		
Contributions - Employer	\$ 1,387,000	\$ 1,391,267
Contributions - Plan Members	210,000	232,443
Total Contributions	<u>1,597,000</u>	<u>1,623,710</u>
Investment Income		
Interest Earned	1,485,000	501,962
Net Change in Fair Value	-	(412,296)
	<u>1,485,000</u>	<u>89,666</u>
Less Investment Expenses	-	(105,558)
Net Investment Income	<u>1,485,000</u>	<u>(15,892)</u>
Total Additions	<u>3,082,000</u>	<u>1,607,818</u>
Deductions		
Administration	50,500	31,244
Benefits and Refunds	2,170,000	1,852,469
Total Deductions	<u>2,220,500</u>	<u>1,883,713</u>
Change in Fiduciary Net Position	<u>\$ 861,500</u>	(275,895)
Net Position Restricted for Pensions		
Beginning		<u>23,873,492</u>
Ending		<u>\$ 23,597,597</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF WINNETKA, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2013
December 31, 2015**

Date of Issue	November 20, 2013
Date of Maturity	December 15, 2046
Authorized Issue	\$3,190,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.375%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 15	Amount	Dec. 15	Amount
2016	\$ 680,000	\$ 298,550	\$ 978,550	2016	\$ 149,275	2016	\$ 149,275
2017	685,000	284,950	969,950	2017	142,475	2017	142,475
2018	695,000	271,250	966,250	2018	135,625	2018	135,625
2019	705,000	257,350	962,350	2019	128,675	2019	128,675
2020	-	243,250	243,250	2020	121,625	2020	121,625
2021	-	243,250	243,250	2021	121,625	2021	121,625
2022	-	243,250	243,250	2022	121,625	2022	121,625
2023	-	243,250	243,250	2023	121,625	2023	121,625
2024	-	243,250	243,250	2024	121,625	2024	121,625
2025	-	243,250	243,250	2025	121,625	2025	121,625
2026	-	243,250	243,250	2026	121,625	2026	121,625
2027	-	243,250	243,250	2027	121,625	2027	121,625
2028	-	243,250	243,250	2028	121,625	2028	121,625
2029	-	243,250	243,250	2029	121,625	2029	121,625
2030	-	243,250	243,250	2030	121,625	2030	121,625
2031	-	243,250	243,250	2031	121,625	2031	121,625
2032	-	243,250	243,250	2032	121,625	2032	121,625
2033	-	243,250	243,250	2033	121,625	2033	121,625
2034	-	243,250	243,250	2034	121,625	2034	121,625
2035	-	243,250	243,250	2035	121,625	2035	121,625
2036	-	243,250	243,250	2036	121,625	2036	121,625
2037	-	243,250	243,250	2037	121,625	2037	121,625
2038-42	-	1,216,250	1,216,250	2038-42	608,125	2038-42	608,125
2043-46	5,560,000	736,532	6,296,532	2043-46	368,266	2043-46	368,266
	<u>\$ 8,325,000</u>	<u>\$ 7,443,382</u>	<u>\$ 15,768,382</u>		<u>\$ 3,721,691</u>		<u>\$ 3,721,691</u>

VILLAGE OF WINNETKA, ILLINOIS

Long-Term Debt Requirements

**General Obligation Bonds of 2014
December 31, 2015**

Date of Issue	January 7, 2014
Date of Maturity	December 15, 2043
Authorized Issue	\$7,500,000
Denomination of Bonds	\$5,000
Interest Rates	2.10% to 4.75%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	BOSC, Inc.

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 15	Amount	Dec. 15	Amount
2016	\$ -	\$ 345,100	\$ 345,100	2016	\$ 172,550	2016	\$ 172,550
2017	-	345,100	345,100	2017	172,550	2017	172,550
2018	-	345,100	345,100	2018	172,550	2018	172,550
2019	-	345,100	345,100	2019	172,550	2019	172,550
2020	720,000	345,100	1,065,100	2020	172,550	2020	172,550
2021	735,000	316,300	1,051,300	2021	158,150	2021	158,150
2022	755,000	286,900	1,041,900	2022	143,450	2022	143,450
2023	780,000	256,700	1,036,700	2023	128,350	2023	128,350
2024	-	225,500	225,500	2024	112,750	2024	112,750
2025	-	225,500	225,500	2025	112,750	2025	112,750
2026	-	225,500	225,500	2026	112,750	2026	112,750
2027	-	225,500	225,500	2027	112,750	2027	112,750
2028	-	225,500	225,500	2028	112,750	2028	112,750
2029	-	225,500	225,500	2029	112,750	2029	112,750
2030	-	225,500	225,500	2030	112,750	2030	112,750
2031	-	225,500	225,500	2031	112,750	2031	112,750
2032	-	225,500	225,500	2032	112,750	2032	112,750
2033	-	225,500	225,500	2033	112,750	2033	112,750
2034	-	225,500	225,500	2034	112,750	2034	112,750
2035	-	225,500	225,500	2035	112,750	2035	112,750
2036	-	225,500	225,500	2036	112,750	2036	112,750
2037	-	225,500	225,500	2037	112,750	2037	112,750
2038	-	225,500	225,500	2038	112,750	2038	112,750
2039-43	4,510,000	928,500	5,438,500	2039-43	464,250	2039-43	464,250
	<u>\$ 7,500,000</u>	<u>\$ 6,896,400</u>	<u>\$ 14,396,400</u>		<u>\$ 3,448,200</u>		<u>\$ 3,448,200</u>

STATISTICAL SECTION

(Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF WINNETKA, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

See Following Page

VILLAGE OF WINNETKA, ILLINOIS

**Net Position by Component - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 32,660,041	\$ 37,684,272	\$ 38,745,341	\$ 39,588,465
Restricted	2,299,340	1,802,873	1,761,144	1,707,794
Unrestricted	25,799,819	25,152,367	25,891,579	27,129,301
Total Governmental Activities Net Position	60,759,200	64,639,512	66,398,064	68,425,560
Business-Type Activities				
Net Investment in Capital Assets	33,993,299	33,747,238	33,408,142	33,579,099
Restricted	-	-	-	-
Unrestricted	8,603,229	9,867,811	10,347,029	8,957,472
Total Business-Type Activities Net Position	42,596,528	43,615,049	43,755,171	42,536,571
Primary Government				
Net Investment in Capital Assets	66,653,340	71,431,510	72,153,483	73,167,564
Restricted	2,299,340	1,802,873	1,761,144	1,707,794
Unrestricted	34,403,048	35,020,178	36,238,608	36,086,773
Total Primary Government Net Position	\$ 103,355,728	\$ 108,254,561	\$ 110,153,235	\$ 110,962,131

*For the nine months ended December 31, 2013.

Data Source: Village Records

	2011	2012	2013	2013*	2014	2015
\$	41,272,890	\$ 44,214,136	\$ 46,280,785	\$ 47,250,543	\$ 48,774,440	\$ 49,376,918
	1,860,244	2,185,900	2,627,694	2,094,038	2,131,857	2,429,573
	29,281,207	28,439,596	28,949,463	20,457,756	20,470,416	(11,611,807)
	72,414,341	74,839,632	77,857,942	69,802,337	71,376,713	40,194,684
	34,387,040	34,871,969	35,212,605	35,339,276	35,411,186	37,665,272
	-	-	-	-	-	-
	8,391,927	8,465,142	11,784,098	17,519,178	17,259,068	17,099,774
	42,778,967	43,337,111	46,996,703	52,858,454	52,670,254	54,765,046
	75,659,930	79,086,105	81,493,390	82,589,819	84,185,626	87,042,190
	1,860,244	2,185,900	2,627,694	2,094,038	2,131,857	2,429,573
	37,673,134	36,904,738	40,733,561	37,976,934	37,729,484	5,487,967
\$	115,193,308	\$ 118,176,743	\$ 124,854,645	\$ 122,660,791	\$ 124,046,967	\$ 94,959,730

VILLAGE OF WINNETKA, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years
December 31, 2015 (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2013*	2014	2015
Expenses										
Governmental Activities										
General Government	\$ 3,345,715	\$ 3,347,607	\$ 3,492,415	\$ 2,569,120	\$ 1,628,897	\$ 3,588,121	\$ 3,305,269	\$ 2,923,374	\$ 3,926,262	\$ 4,993,616
Public Safety	9,013,668	9,235,546	10,293,738	10,957,451	10,882,264	10,732,430	11,291,203	9,179,353	12,316,145	16,821,380
Community Development	1,550,048	1,450,540	1,566,677	1,788,634	1,820,916	1,551,413	2,846,339	1,267,068	1,676,984	1,479,285
Public Works	4,183,995	4,664,528	5,344,087	5,395,988	4,779,063	5,205,126	2,631,500	4,102,763	5,202,568	5,612,699
Interest on Long-Term Debt	115,817	104,650	91,789	79,805	65,255	51,007	26,102	21,135	14,676	-
Total Governmental Activities Expenses	18,209,243	18,802,871	20,788,706	20,790,998	19,176,395	21,128,097	20,100,413	17,493,693	23,136,635	28,906,980
Business-Type Activities										
Electric	10,910,399	11,288,590	12,158,948	12,608,750	13,856,192	13,400,738	13,844,657	11,635,540	14,646,688	14,504,327
Water	2,646,584	2,615,963	2,887,512	2,842,671	2,912,047	2,959,737	3,042,665	2,398,945	3,073,081	3,232,713
Refuse	2,522,347	2,611,727	2,627,642	2,808,053	2,350,183	2,239,102	2,317,873	1,837,660	2,455,202	2,265,737
Sewer	798,850	754,435	833,035	769,672	730,361	785,768	810,211	645,870	1,080,243	1,120,487
Storm Sewer	-	-	-	-	-	-	4,996	132,250	663,287	672,999
Total Business-Type Activities Expenses	16,878,180	17,270,715	18,507,137	19,029,146	19,848,783	19,385,345	20,020,402	16,650,265	21,918,501	21,796,263
Total Primary Government Expenses	35,087,423	36,073,586	39,295,843	39,820,144	39,025,178	40,513,442	40,120,815	34,143,958	45,055,136	50,703,243
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	2,361,310	2,536,157	2,546,969	2,786,378	2,833,013	2,833,541	2,800,597	2,077,704	2,859,138	2,802,463
Public Safety	1,122,764	1,196,848	1,353,519	1,365,208	1,360,861	1,361,370	1,419,674	1,040,252	1,487,238	1,520,422
Community Development	1,292,643	1,406,431	1,447,418	1,403,968	1,847,844	1,510,667	1,838,889	1,831,135	1,929,442	1,760,110
Public Works	139,062	119,763	94,228	97,384	160,764	168,891	187,290	152,371	120,635	187,165
Capital Grants/Contributions	-	-	-	-	175,318	111,043	85,341	64,841	73,632	68,868
Operating Grants/Contributions	163,391	524,571	155,482	107,452	71,115	53,932	614,646	53,932	-	-
Total Governmental Activities Program Revenues	5,079,170	5,783,770	5,597,616	5,760,390	6,448,915	6,039,444	6,946,437	5,220,235	6,470,085	6,339,028
Business-Type Activities										
Charges for Services										
Electric	12,034,279	12,483,985	12,999,754	12,836,384	14,998,198	14,570,744	14,959,497	11,030,696	14,737,350	15,596,335
Water	2,615,988	2,892,582	2,790,065	2,818,964	3,164,372	3,150,740	4,138,370	3,099,689	3,457,265	3,531,692
Refuse	516,321	575,813	555,826	522,719	564,064	615,392	531,817	394,792	536,127	527,518
Storm Sewer	728,179	826,343	770,888	720,332	778,004	731,083	954,368	776,137	874,447	952,464
Sanitary Sewer	-	-	-	-	-	-	-	-	941,417	1,767,587
Operating Grants/Contributions	-	-	-	-	-	-	-	-	134,794	2,000,000
Total Business-Type Activities Program Revenues	15,894,767	16,778,723	17,116,533	16,898,399	19,504,638	19,067,959	20,584,052	15,301,314	20,681,400	24,375,596
Total Primary Government Program Revenues	\$ 20,973,937	\$ 22,562,493	\$ 22,714,149	\$ 22,658,789	\$ 25,953,553	\$ 25,107,403	\$ 27,530,489	\$ 20,521,549	\$ 27,151,485	\$ 30,714,624

	2007	2008	2009	2010	2011	2012	2013	2013*	2014	2015
Net (Expenses) Revenues										
Governmental Activities	\$ (13,130,073)	\$ (13,019,101)	\$ (15,191,090)	\$ (15,030,608)	\$ (12,727,480)	\$ (15,088,653)	\$ (13,153,976)	\$ (12,273,458)	\$ (16,666,550)	\$ (22,567,952)
Business-Type Activities	(983,413)	(491,992)	(1,390,604)	(2,130,747)	(344,145)	(317,386)	563,650	(1,348,951)	(1,237,101)	2,579,333
Total Primary Government Net Revenues (Expenses)	(14,113,486)	(13,511,093)	(16,581,694)	(17,161,355)	(13,071,625)	(15,406,039)	(12,590,326)	(13,622,409)	(17,903,651)	(19,988,619)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	9,977,130	10,137,924	10,830,205	11,838,012	11,398,782	12,437,894	12,318,740	6,128,244	12,895,811	12,864,238
Telecommunications	663,966	733,223	725,308	724,186	666,106	638,596	1,465,846	460,092	462,013	528,637
Natural Gas	639,526	619,871	698,905	462,104	442,334	458,790	295,395	303,383	558,631	487,513
Other	-	-	-	-	-	-	-	-	-	-
Intergovernmental										
Sales Tax	1,543,234	1,503,118	1,300,836	1,183,995	1,231,060	1,321,062	1,397,198	1,190,192	1,589,475	1,510,357
Income Tax	1,034,891	1,142,155	1,175,044	991,336	935,697	979,922	1,091,189	882,789	1,106,344	1,292,669
Personal Property Replacement Tax	129,078	156,986	139,324	129,632	137,053	124,253	122,845	134,784	114,799	150,010
Other	417,142	413,140	390,133	377,086	433,162	369,074	417,081	305,705	380,319	369,855
Investment Income	1,210,078	1,397,692	973,020	652,287	464,175	364,513	342,022	95,607	54,617	20,904
Miscellaneous	97,109	102,673	194,107	67,305	140,572	79,240	64,442	110,640	336,521	265,142
Transfers	423,380	617,260	522,760	632,160	867,320	740,600	(1,342,472)	(5,393,583)	742,396	849,044
Total Governmental Activities	16,135,534	16,824,042	16,949,642	17,058,103	16,716,261	17,513,944	16,172,286	4,217,853	18,240,926	18,338,369
Business-Type Activities										
Property Taxes	1,205,671	1,245,497	1,325,471	1,070,059	1,096,342	1,086,582	1,074,565	1,068,036	1,076,358	1,088,001
Investment Income	336,565	411,787	281,010	176,909	113,179	84,272	143,444	55,458	73,113	19,349
Miscellaneous	546,051	470,489	447,005	297,339	244,340	454,527	535,461	693,625	641,826	253,314
Transfers	(423,380)	(617,260)	(522,760)	(632,160)	(867,320)	(740,600)	1,342,472	5,393,583	(742,396)	(849,044)
Total Business-Type Activities	1,664,907	1,510,513	1,530,726	912,147	586,541	884,781	3,095,942	7,210,702	1,048,901	511,620
Total Primary Government	17,800,441	18,334,555	18,480,368	17,970,250	17,302,802	18,398,725	19,268,228	11,428,555	19,289,827	18,849,989
Changes in Net Position										
Governmental Activities	3,005,461	3,804,941	1,758,552	2,027,495	3,988,781	2,425,291	3,018,310	(8,055,605)	1,574,376	(4,229,583)
Business-Type Activities	681,494	1,018,521	140,122	(1,218,600)	242,396	567,395	3,659,592	5,861,751	(188,200)	3,090,953
Total Primary Government	\$ 3,686,955	\$ 4,823,462	\$ 1,898,674	\$ 808,895	\$ 4,231,177	\$ 2,992,686	\$ 6,677,902	\$ (2,193,854)	\$ 1,386,176	\$ (1,138,630)

*For the nine months ended December 31, 2013.

Data Source: Village Records

VILLAGE OF WINNETKA, ILLINOIS

**Fund Balances of Governmental Funds - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

	2007	2008	2009	2010
General Fund				
Reserved	\$ 71,098	\$ 77,816	\$ 86,844	\$ 74,129
Unreserved	18,612,927	16,530,669	17,908,679	21,251,060
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	18,684,025	16,608,485	17,995,523	21,325,189
All Other Governmental Funds				
Reserved	2,278,055	14,769,479	1,713,163	1,666,725
Unreserved, Reported in:				
Capital Projects Funds	1,029,541	5,351,498	5,561,377	3,191,571
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	3,307,596	20,120,977	7,274,540	4,858,296
Total Governmental Funds	\$ 21,991,621	\$ 36,729,462	\$ 25,270,063	\$ 26,183,485

*For the nine months ended December 31, 2013.

Data Source: Village Records

Note: The Village implemented GASB Statement No. 54 for the year ended March 31, 2011.

2011	2012	2013	2013*	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,979	268	2,597	91,211	-
72,672	84,846	69,660	235,815	-	91,211
22,276,610	24,298,449	25,231,521	16,612,063	18,080,699	18,942,066
22,349,282	24,385,274	25,301,449	16,850,475	18,171,910	19,033,277
-	-	-	-	-	-
-	-	-	-	-	-
1,814,587	2,121,696	2,561,975	2,033,126	2,040,646	2,338,362
2,627,027	482,019	394,663	832,254	741,726	779,117
-	-	(193,267)	(171,253)	(126,377)	(86,485)
4,441,614	2,603,715	2,763,371	2,694,127	2,655,995	3,030,994
\$ 26,790,896	\$ 26,988,989	\$ 28,064,820	\$ 19,544,602	\$ 20,827,905	\$ 22,064,271

VILLAGE OF WINNETKA, ILLINOIS

**General Governmental Revenues by Source - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

Source	2007	2008	2009	2010
Taxes	\$ 11,280,622	\$ 11,491,018	\$ 12,254,418	\$ 13,024,302
Licenses and Permits	1,731,017	1,815,270	1,829,281	1,815,124
Intergovernmental	3,287,736	3,739,970	3,160,819	2,789,501
Charges for Services	3,002,103	3,234,434	3,352,175	3,559,413
Fines and Forfeits	182,659	209,495	260,678	278,401
Investment Income	979,504	1,079,292	766,214	498,515
Miscellaneous	97,109	102,673	194,107	67,305
Totals	<u>\$ 20,560,750</u>	<u>\$ 21,672,152</u>	<u>\$ 21,817,692</u>	<u>\$ 22,032,561</u>

Note: Includes General, Special Revenue, Debt Service and Capital Project Funds.

*For the nine months ended December 31, 2013.

Data Source: Village Records

2011	2012	2013	2013*	2014	2015
\$ 12,507,222	\$ 13,535,280	\$ 14,079,981	\$ 6,891,719	\$ 13,916,455	\$ 13,880,388
2,329,913	2,003,172	2,378,429	2,245,978	2,396,870	2,289,140
2,983,405	2,959,286	3,728,300	2,632,243	3,264,569	3,391,759
3,660,154	3,656,488	3,652,741	2,711,133	3,810,622	3,814,244
212,415	214,809	215,280	144,351	188,961	166,776
326,643	271,790	260,413	80,397	38,729	16,029
140,572	79,240	64,442	110,640	336,521	265,142
<u>\$ 22,160,324</u>	<u>\$ 22,720,065</u>	<u>\$ 24,379,586</u>	<u>\$ 14,816,461</u>	<u>\$ 23,952,727</u>	<u>\$ 23,823,478</u>

VILLAGE OF WINNETKA, ILLINOIS

**General Governmental Expenditures by Function - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

Function	2007	2008	2009	2010
General Government	\$ 2,445,123	\$ 3,133,590	\$ 2,724,881	\$ 2,935,744
Public Safety	9,564,301	9,592,638	10,031,367	10,512,961
Community Development	1,543,856	1,441,721	1,557,858	1,779,641
Public Works	4,734,072	5,914,084	5,954,959	5,863,861
Capital Outlay	57,140	4,497	68,438	193,484
Debt Service				
Principal	350,000	355,000	365,000	380,000
Interest and Fiscal Charges	121,421	110,041	97,348	85,608
Total Expenditures	<u>\$ 18,815,913</u>	<u>\$ 20,551,571</u>	<u>\$ 20,799,851</u>	<u>\$ 21,751,299</u>

Note: Includes General, Special Revenue, Debt Service and Capital Projects Funds.

*For the nine months ended December 31, 2013.

Data Source: Village Records

2011	2012	2013	2013*	2014	2015
\$ 3,160,342	\$ 2,738,434	\$ 3,001,449	\$ 2,464,557	\$ 2,947,643	\$ 3,304,296
11,073,179	10,433,116	11,024,520	8,753,436	11,847,222	12,680,756
1,813,451	1,542,096	1,587,389	1,256,959	2,059,844	1,650,761
4,973,356	5,179,881	4,979,279	4,953,498	5,981,049	5,322,647
788,605	2,901,665	905,843	52,671	98,285	227,696
390,000	410,000	420,000	440,000	460,000	-
71,300	57,380	42,803	21,975	17,777	-
<u>\$ 22,270,233</u>	<u>\$ 23,262,572</u>	<u>\$ 21,961,283</u>	<u>\$ 17,943,096</u>	<u>\$ 23,411,820</u>	<u>\$ 23,186,156</u>

VILLAGE OF WINNETKA, ILLINOIS

**Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

	2007	2008	2009	2010
Revenues				
Taxes	\$ 11,280,622	\$ 11,491,018	\$ 12,254,418	\$ 13,024,302
Licenses and Permits	1,731,017	1,815,270	1,829,281	1,815,124
Intergovernmental	3,287,736	3,739,970	3,160,819	2,789,501
Charges for Services and Fees	3,002,103	3,234,434	3,352,175	3,559,413
Fines and Forfeits	182,659	209,495	260,678	278,401
Investment Income	979,504	1,079,292	766,214	498,515
Miscellaneous	97,109	102,673	194,107	67,305
Total Revenues	20,560,750	21,672,152	21,817,692	22,032,561
Expenditures				
General Government	2,445,123	3,133,590	2,724,881	2,935,744
Public Safety	9,564,301	9,592,638	10,031,367	10,512,961
Community Development	1,543,856	1,441,721	1,557,858	1,779,641
Public Works	4,734,072	5,914,084	5,954,959	5,863,861
Capital Outlay	57,140	4,497	68,438	193,484
Debt Service				
Principal	350,000	355,000	365,000	380,000
Interest and Fiscal Charges	121,421	110,041	97,348	85,608
Total Expenditures	18,815,913	20,551,571	20,799,851	21,751,299
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,744,837	1,120,581	1,017,841	281,262
Other Financing Sources (Uses)				
Transfers In	1,922,605	5,751,960	1,759,160	3,778,842
Transfers Out	(1,499,225)	(5,134,700)	(1,236,400)	(3,146,682)
	423,380	617,260	522,760	632,160
Net Change in Fund Balances	\$ 2,168,217	\$ 1,737,841	\$ 1,540,601	\$ 913,422
Debt Service as a Percentage of Noncapital Expenditures	2.51%	2.63%	2.50%	2.36%

*For the nine months ended December 31, 2013.

Data Source: Village Records

	2011	2012	2013	2013*	2014	2015
\$	12,507,222	\$ 13,535,280	\$ 14,079,981	\$ 6,891,719	\$ 13,916,455	\$ 13,880,388
	2,329,913	2,003,172	2,378,429	2,245,978	2,396,870	2,289,140
	2,983,405	2,959,286	3,728,300	2,632,243	3,264,569	3,391,759
	3,660,154	3,656,488	3,652,741	2,711,133	3,810,622	3,814,244
	212,415	214,809	215,280	144,351	188,961	166,776
	326,643	271,790	260,413	80,397	38,729	16,029
	140,572	79,240	64,442	110,640	336,521	265,142
	<u>22,160,324</u>	<u>22,720,065</u>	<u>24,379,586</u>	<u>14,816,461</u>	<u>23,952,727</u>	<u>23,823,478</u>
	3,160,342	2,738,434	3,001,449	2,464,557	2,947,643	3,304,296
	11,073,179	10,433,116	11,024,520	8,753,436	11,847,222	12,680,756
	1,813,451	1,542,096	1,587,389	1,256,959	2,059,844	1,650,761
	4,973,356	5,179,881	4,979,279	4,953,498	5,981,049	5,322,647
	788,605	2,901,665	905,843	52,671	98,285	227,696
	390,000	410,000	420,000	440,000	460,000	-
	71,300	57,380	42,803	21,975	17,777	-
	<u>22,270,233</u>	<u>23,262,572</u>	<u>21,961,283</u>	<u>17,943,096</u>	<u>23,411,820</u>	<u>23,186,156</u>
	(109,909)	(542,507)	2,418,303	(3,126,635)	540,907	637,322
	2,081,380	2,380,360	2,447,833	1,864,302	2,079,116	1,849,044
	(1,364,060)	(1,639,760)	(3,790,305)	(7,257,885)	(1,336,720)	(1,250,000)
	<u>717,320</u>	<u>740,600</u>	<u>(1,342,472)</u>	<u>(5,393,583)</u>	<u>742,396</u>	<u>599,044</u>
\$	<u>607,411</u>	<u>\$ 198,093</u>	<u>\$ 1,075,831</u>	<u>\$ (8,520,218)</u>	<u>\$ 1,283,303</u>	<u>\$ 1,236,366</u>
	2.37%	2.44%	2.48%	2.94%	2.34%	0.00%

VILLAGE OF WINNETKA, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
December 31, 2015 (Unaudited)**

Tax Levy Year	Residential Property	Commercial Property
2005	\$ 1,127,591,329	\$ 63,669,610
2006	1,136,516,914	61,840,702
2007	1,593,445,073	74,717,663
2008	1,687,972,130	75,156,391
2009	1,794,991,734	72,103,545
2010	1,527,772,751	71,278,854
2011	1,374,421,539	59,890,282
2012	1,278,359,179	54,724,248
2013	1,169,861,689	49,963,175
2014	1,180,513,548	54,144,041

Data Source: Cook County Clerk

	Industrial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
\$	4,516,514	\$ 1,195,777,463	\$ 201,024	\$ 1,195,978,487	0.918
	4,476,177	1,202,833,793	200,414	1,203,034,207	0.951
	4,157,725	1,672,320,461	219,708	1,672,540,169	0.716
	4,351,536	1,767,480,057	239,890	1,767,719,947	0.710
	4,415,767	1,871,511,046	288,245	1,871,799,291	0.682
	6,179,959	1,605,231,564	359,555	1,605,591,119	0.817
	5,560,414	1,439,872,235	381,855	1,440,254,090	1.558
	4,084,556	1,337,167,983	431,535	1,337,599,518	1.667
	3,845,561	1,223,670,425	532,312	1,224,202,737	1.847
	4,336,479	1,238,994,068	554,920	1,239,548,988	1.801

VILLAGE OF WINNETKA, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
December 31, 2015 (Unaudited)**

	2005	2006	2007
Village of Winnetka			
General Corporate Rate	0.918	0.951	0.716
Special Service Area #3	-	-	-
Special Service Area #4	-	-	-
Special Service Area #5	-	-	-
Total Direct Tax Rate	0.918	0.951	0.716
Overlapping Rates			
Cook County	0.421	0.397	0.446
Elections	0.014	-	0.012
Cook County Hospital	0.112	0.103	-
Forest Preserve	0.060	0.057	0.053
TB Sanitarium	0.005	0.005	-
Metropolitan Water Reclamation District	0.315	0.284	0.263
Mosquito Abatement District	0.008	0.009	0.008
New Trier Township	0.039	0.042	0.034
New Trier High School	1.577	1.662	1.299
Community College 535	0.158	0.166	0.141
Winnetka School District (36)	2.356	2.608	2.083
Winnetka Public Library	0.129	0.132	0.101
Winnetka Park District	0.302	0.316	0.239
Total Direct and Overlapping Tax Rates	6.414	6.732	5.395

Data Source: Cook County Clerk

2008	2009	2010	2011	2012	2013	2014
0.710	0.682	0.817	0.936	1.038	1.162	1.154
-	-	-	0.383	0.397	0.437	0.413
-	-	-	0.128	0.117	0.131	0.126
-	-	-	0.111	0.115	0.117	0.108
0.710	0.682	0.817	1.558	1.667	1.847	1.801
0.415	0.394	0.423	0.462	0.531	0.560	0.568
-	0.021	-	0.025	-	0.031	-
-	-	-	-	-	-	-
0.051	0.049	0.051	0.058	0.063	0.069	0.069
-	-	-	-	-	-	-
0.252	0.261	0.274	0.320	0.370	0.417	0.430
0.008	0.008	0.009	0.010	0.010	0.007	0.011
0.034	0.033	0.037	0.042	0.047	0.061	0.062
1.290	1.237	1.474	1.674	1.864	2.111	2.268
0.140	0.140	0.160	0.196	0.219	0.256	0.258
2.083	1.985	2.432	2.782	3.094	3.331	3.386
0.120	0.139	0.164	0.187	0.203	0.230	0.233
0.239	0.228	0.271	0.310	0.347	0.391	0.395
5.342	5.177	6.112	7.624	8.415	9.311	9.481

VILLAGE OF WINNETKA, ILLINOIS

**Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago
December 31, 2015 (Unaudited)**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Individual	\$ 3,250,732	1	0.266%			
Individual	3,181,210	2	0.260%			
Individual	3,160,502	3	0.258%			
AH2 Signal Hill LTD	2,721,789	4	0.222%			
Individual	2,662,100	5	0.217%			
Individual	2,581,892	6	0.211%			
Individual	2,402,198	7	0.196%			
Hulsizer & Makowiec	2,291,074	8	0.187%			
Individual	2,205,498	9	0.180%			
Gould & Rathner LLC	2,064,489	10	0.169%			
Farnsworth Hill Inc.				\$ 1,991,094	1	0.230%
Chestnut Street Partners				1,762,590	2	0.200%
McDonalds Corp.				1,740,575	3	0.200%
Samida Co.				1,589,293	4	0.180%
Ameritech Illinois				1,496,353	5	0.170%
Hillco Realty Co.				1,472,057	6	0.170%
Bank One				1,393,200	7	0.160%
Northern Trust				1,291,605	8	0.150%
Individual				1,193,950	9	0.140%
Individual				1,182,178	10	0.130%
	<u>\$ 26,521,484</u>		<u>2.166%</u>	<u>\$ 15,112,895</u>		<u>1.730%</u>

Data Source: Cook County Tax Extension Office

Note: Based on the 2014 EAV of \$1,239,548,988.

VILLAGE OF WINNETKA, ILLINOIS

**Property Tax Levies and Collections - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2006	\$ 11,435,181	\$ 11,301,039	98.83%	\$ N/A	11,301,039	98.83%
2008	2007	11,966,028	11,910,130	99.53%	N/A	11,910,130	99.53%
2009	2008	12,535,304	12,046,185	96.10%	N/A	12,046,185	96.10%
2010	2009	12,748,404	12,570,984	98.61%	N/A	12,570,984	98.61%
2011	2010	13,105,359	12,932,664	98.68%	N/A	12,932,664	98.68%
2012	2011	13,472,400	13,341,410	99.03%	N/A	13,341,410	99.03%
2013	2012	13,875,587	6,703,878	48.31%	N/A	6,703,878	48.31%
2013*	2012	13,875,587	6,551,164	47.21%	N/A	6,551,164	47.21%
2014	2013	14,222,477	13,927,317	97.92%	N/A	13,927,317	97.92%
2015	2014	14,302,483	13,907,922	97.24%	N/A	13,907,922	97.24%

Note: Fiscal year 2013* collections represent the second installment (partial) only.

*For the nine months ended December 31, 2013.

N/A - Currently Not Available

Data Source: Cook County Tax Extension Office

VILLAGE OF WINNETKA, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

Fiscal Year	Governmental Activities	Business-Type Activates	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	General Obligation Bonds			
2007	\$ 3,220,000	\$ -	\$ 3,220,000	1.92%	\$ 259.28
2008	2,865,000	-	2,865,000	1.71%	230.69
2009	2,500,000	-	2,500,000	1.49%	201.30
2010	2,120,000	-	2,120,000	1.27%	170.71
2011	1,730,000	-	1,730,000	1.03%	139.30
2012	1,320,000	-	1,320,000	0.63%	108.31
2013	900,000	-	900,000	0.43%	73.85
2013*	460,000	9,000,000	9,460,000	4.53%	776.24
2014	-	16,500,000	16,500,000	7.81%	1,328.29
2015	-	15,825,000	15,825,000	7.63%	1,267.01

*For the nine months ended December 31, 2013.

Data Source: Village's Records

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

VILLAGE OF WINNETKA, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

Fiscal Year	Gross General Obligation Bonds	Less: Amounts Available For Debt Service	Total	Percentage of Equalized Assessed Value (1)	Per Capita (2)
2007	\$ 3,220,000	\$ 273,130	\$ 2,946,870	0.24%	\$ 237.29
2008	2,865,000	285,790	2,579,210	0.15%	207.68
2009	2,500,000	308,315	2,191,685	0.12%	176.48
2010	2,120,000	330,709	1,789,291	0.10%	144.08
2011	1,730,000	345,512	1,384,488	0.09%	111.48
2012	1,320,000	362,824	957,176	0.07%	78.54
2013	900,000	389,638	510,362	0.04%	41.88
2013*	9,460,000	342,761	9,117,239	0.68%	748.11
2014	16,500,000	-	16,500,000	1.35%	1,328.29
2015	15,825,000	-	15,825,000	1.28%	1,267.01

*For the nine months ended December 31, 2013.

Data Source: Village Records

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Actual Value of Taxable Property for equalized assessed value data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

VILLAGE OF WINNETKA, ILLINOIS

**Schedule of Direct and Overlapping Governmental Activities Bonded Debt
December 31, 2015 (Unaudited)**

Governmental Unit	(1) Gross Debt	(2) Percentage to Debt Applicable to Village	(3) Village's Share of Debt
Village of Winnetka	\$ -	100.00%	\$ 0
School Districts:			
New Trier High School	101,480,000	26.47%	26,861,756
Oakton Community College No. 535	35,370,000	6.18%	2,185,866
School District No. 36 (Winnetka)	48,671,191	97.98%	47,688,033
School District No. 37 (Avoca)	4,450,546	6.55%	291,511
School District No. 38 (Kenilworth)	8,340,000	9.35%	779,790
Total School Districts	198,311,737		77,806,956
Other Agencies:			
Cook County	3,466,835,000	0.95%	32,934,933
Forest Preserve District	172,535,000	0.95%	1,639,083
Metropolitan Water Reclamation	2,642,374,005	0.97%	25,631,028
Glencoe Park District	10,260,000	0.83%	85,158
Winnetka Park District	6,200,000	91.31%	5,661,220
Total Other Agencies	6,298,204,005		65,951,421
Total Overlapping Debt	6,496,515,742		143,758,377
Total Direct and Overlapping Debt	\$ 6,496,515,742		\$ 143,758,377

(1) The 2015 information is not available as of the date of this report. 2014 data shown.

(2) Determined by ratio of equalized assessed value of property subject to taxation in overlapping unit to value of property subject to taxation in the Village.

(3) Amount in column (2) multiplied by amount in column (1).

Data Source: Cook County Tax Extension Office

VILLAGE OF WINNETKA, ILLINOIS

Legal Debt Margin

December 31, 2015 (Unaudited)

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois constitution governs computation of legal debt margin.

The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by some home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.

To date the General Assembly has set no limits for home rule municipalities.

VILLAGE OF WINNETKA, ILLINOIS

Pledged-Revenue Coverage - Last Ten Fiscal Years December 31, 2015 (Unaudited)

Fiscal Year	Property and Sales Tax Revenues	Principal	Interest	Coverage
2007	\$ 12,855,113	\$ 350,000	\$ 121,421	27.27
2008	13,043,525	355,000	110,041	28.05
2009	13,595,836	365,000	97,348	29.41
2010	14,221,698	380,000	85,608	30.54
2011	13,863,237	390,000	71,300	30.05
2012	14,969,791	410,000	57,380	32.03
2013	13,715,938	420,000	42,803	29.64
2013*	7,318,436	440,000	21,975	15.84
2014	14,485,286	460,000	16,447	30.40
2015	14,374,595	N/A	N/A	N/A

*For the nine months ended December 31, 2013.

Data Source: Village Records

Notes: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

N/A - Bonds were paid off in 2014.

VILLAGE OF WINNETKA, ILLINOIS

**Demographic and Economic Statistics - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

Fiscal Year	(1) Population	Personal Income (in Thousands)	Per Capita Personal Income	(1) Median Age	(2) School Enrollment	Unemployment Rate
2007	12,419	\$ 167,458	\$ 84,134	39.8	4,527	0.8%
2008	12,419	167,458	84,134	39.8	4,527	0.8%
2009	12,419	167,458	84,134	39.8	4,527	0.8%
2010	12,419	167,458	84,134	39.8	4,527	0.8%
2011	12,419	167,458	84,134	39.8	4,527	0.8%
2012	12,187	207,955	104,440	42.8	4,453	3.5%
2013	12,187	208,750	102,867	42.8	4,453	3.5%
2013*	12,187	208,750	102,867	42.8	4,453	3.5%
2014	12,422	211,250	100,440	41.8	5,153	3.5%
2015	12,490	207,540	98,139	40.5	5,153	3.5%

*For the nine months ended December 31, 2013.

Data Sources

- (1) U.S. Department of Commerce, Bureau of the Census
- (2) Data provided by School District Administrative Offices

VILLAGE OF WINNETKA, ILLINOIS

**Principal Employers - Current Fiscal Year and Ten Fiscal Years Ago
December 31, 2015 (Unaudited)**

Employer	2015			2005		
	Employees	Rank	Percentage of Total Village Employment*	Employees	Rank	Percentage of Total Village Employment*
New Trier High School East	483	1	9.72%	516	1	10.51%
School District 36	221	2	4.45%	221	2	4.50%
Village of Winnetka	155	3	3.10%	162	3	3.30%
Dyson, Dyson & Dunn, Inc.	150	4	3.02%			
Coldwell Banker	130	5	2.27%	72	7	1.47%
North Shore Country Day School	115	6	2.31%	115	4	2.34%
BMO Harris Bank	65	7	1.31%	80	5	1.63%
Killian Co., V.J.	45	8	0.91%	45	8	0.92%
Sacred Heart School	45	8	0.91%	41	9	0.88%
Faith, Hope, & Charity School	43	10	0.87%	41	10	0.84%
United States Post Office				76	6	1.55%
	<u>1,452</u>		<u>28.87%</u>	<u>1,369</u>		<u>27.94%</u>

Data Sources: 2014 Illinois Manufacturers Directory, 2014 Illinois Services Directory and a selective telephone survey.

*Note: Total employment was determined by staff estimation.

VILLAGE OF WINNETKA, ILLINOIS

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

See Following Page

VILLAGE OF WINNETKA, ILLINOIS

Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years December 31, 2015 (Unaudited)

Function	2007	2008	2009	2010
General Government				
Administration	5.0	5.0	5.0	5.0
Finance	15.0	15.0	15.0	15.0
Public Works	22.0	22.0	20.0	19.5
Police	37.0	37.0	37.0	37.0
Fire	25.0	25.0	25.0	25.0
Community Development	10.0	10.0	10.0	10.0
Water	7.0	7.0	7.0	7.0
Sewer	4.0	4.0	4.0	4.0
Stormwater Sewer	-	-	-	-
Electric	27.0	27.0	27.0	26.5
Refuse	10.0	10.0	10.0	10.0
Total	<u>162.0</u>	<u>162.0</u>	<u>160.0</u>	<u>159.0</u>

*For the nine months ended December 31, 2013.

Data Source: Village Records

2011	2012	2013	2013*	2014	2015
5.0	5.0	5.0	5.0	5.0	4.5
14.0	14.0	14.0	14.0	14.0	13.0
18.5	18.0	18.0	18.0	18.5	19.0
36.0	36.0	36.0	36.0	35.0	37.5
25.0	25.0	25.0	26.0	26.0	25.0
10.0	10.0	10.0	8.0	7.0	6.5
7.0	7.0	7.0	7.0	7.0	7.0
4.0	3.5	3.5	3.5	2.5	2.5
-	-	-	-	2.5	2.5
26.5	26.3	26.3	26.3	26.3	23.5
7.0	7.0	7.0	7.0	7.0	8.0
153.0	151.8	151.8	150.8	150.8	149.0

VILLAGE OF WINNETKA, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

Function/Program	2007	2008	2009	2010
Public Works				
Forestry				
Number of Parkway Trees Planted	363	375	500	252
Fleet Services				
Number of Vehicles Maintained	136	136	136	136
Preventative Maintenance Services	264	340	N/A	N/A
Public Safety				
Fire				
Calls for Service	2,565	2,521	2,500	2,230
Number of Training Hours	7,324	6,930	7,300	7,009
ISO Rating	4	4	4	4
Police				
Part I Crime	124	127	172	158
Part II Crime	225	143	139	174
Calls for Service	10,452	8,824	8,326	8,393
State Tickets Issued	3,579	3,551	3,653	3,468
Compliance Tickets Issued	463	466	428	356
Community Development				
Number of Building Permits Issued	1,364	895	777	936
Number of Building Inspections	3,910	2,975	2,225	2,450
Highways and Streets				
Sidewalk Replaced (Sq. Ft.)	17,500	17,650	20,410	33,299
Annual Resurfacing Program (\$)	950,565	1,004,945	950,000	1,000,000
Water and Sewer				
Water Meters Read	37,500	37,500	37,500	37,500
Total Distribution Pumpage (1,000 Gallons)	1,162,627	1,284,583	1,253,601	1,286,670
Sanitary Sewer Repairs	20	5	12	24

N/A - Currently Not Available

*For the nine months ended December 31, 2013.

Data Source: Village Records

Note: Indicators are not available for the general government function.

2011	2012	2013	2013*	2014	2015
315	300	297	N/A	N/A	225
136	136	136	N/A	N/A	143
N/A	N/A	N/A	N/A	N/A	470
2,200	2,250	2,250	N/A	2,150	2,150
6,500	7,000	7,000	N/A	7,250	6,316
4	4	4	3	3	3
134	N/A	N/A	N/A	N/A	94
154	N/A	N/A	N/A	N/A	204
7,908	N/A	N/A	N/A	N/A	7,449
2,658	N/A	N/A	N/A	N/A	804
306	N/A	N/A	N/A	N/A	181
1,030	N/A	N/A	N/A	N/A	1,212
2,348	N/A	N/A	N/A	N/A	3,197
25,000	25,000	25,377	N/A	N/A	8,700
1,100,000	1,150,000	1,150,000	1,008,890	N/A	1,350,537
37,500	37,500	37,500	N/A	N/A	37,500
1,279,192	1,113,878	1,290,813	937,610	1,035,500	1,000,092
14	14	12	N/A	N/A	6,605

VILLAGE OF WINNETKA, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2015 (Unaudited)**

Function/Program	2007	2008	2009	2010
Police				
Stations	1	1	1	1
Patrol Units	9	9	9	9
Fire Stations	1	1	1	1
Public Works				
Streets (Miles)	52	52	52	52
Sidewalks (Miles)	80	80	80	80
Streetlights	867	867	867	867
Water and Sewer				
Water Mains (Miles)	71	71	71	71
Fire Hydrants	664	665	665	665
Sanitary Sewers (Miles)	47	47	47	47

*For the nine months ended December 31, 2013.

Data Source: Village Records

2011	2012	2013	2013*	2014	2015
1	1	1	1	1	1
9	9	9	9	9	9
1	1	1	1	1	1
52	52	52	52	52	52
80	80	80	80	80	80
867	867	867	867	867	867
71	71	71	71	71	71
666	666	667	667	667	667
47	47	47	47	47	47