

Village of Fox Lake, Illinois

Annual Financial Report

Year End April 30, 2017



Prepared By:
The Finance Department

VILLAGE OF FOX LAKE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2017

Prepared by the Finance Department

Stephanie Hannon, Finance Director

VILLAGE OF FOX LAKE, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT



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Naperville, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Board of Trustees
Village of Fox Lake, Illinois

Report on the Financial Statements

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 Fox Lake, Illinois (the Village) as of and for the year ended April 30, 2017, and the related notes to 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Fox Lake, Illinois, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States 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 and required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sikich LLP

Naperville, Illinois
October 23, 2017

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

The Village of Fox Lake (the "Village") Management's Discussion and Analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns at and for the year ended April 30, 2017. As the Village presents its financial statements in conformity with the Governmental Accounting Standards Board Statement No. 34 reporting requirements, prior year comparative information has been included in the Village's MD&A.

As with other sections of this financial report, the information contained within this MD&A should be considered as a part of a greater whole. Readers of this report should read and evaluate all sections of this report, including the Notes to the Financial Statements and the other Required Supplemental Information that is provided in addition to the MD&A, in order to form an opinion on the financial position and activities of the Village.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Village's financial statements present two kinds of statements, each with a different snapshot of the Village's finances. The financial statements' focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government), and enhance the Village's accountability.

Government-Wide Financial Statements

The 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 condition. Financial reporting at this level uses accounting similar to full accrual accounting such as in the private sector. Interfund activity is eliminated, 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, and long-term debt is reported.

The first government-wide statement is the statement of net position that presents information about all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the differences reported as net position. Over a multiyear period, an increase or decrease in net position can detect an improvement or deterioration in the financial position of the Village. Additionally, one would need to evaluate nonfinancial factors, such as the condition of the Village's infrastructure, the satisfaction of the 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. The Village of Fox Lake' governmental activities include general government, public safety, and public works, parks and recreation and economic development. The business-type activities include the Water and Sewer, Water Reclamation, 911 Dispatch Services, the Commuter Parking. The Police Pension Plan fiduciary activity is not available to fund Village programs, and, therefore, is not included in the government-wide statements but is presented in this document at the end of the fund financial statements.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Unlike the government-wide financial statements, governmental fund financial information focuses on the near-term flow of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliation, on the page following each statement, to facilitate the comparison between governmental funds and governmental activities.

The Village of Fox Lake has three individual governmental funds: General Fund, Motor Fuel Tax Fund and Tax Increment Financing Fund. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances (deficit) for the General Fund. Major funds are defined as those governmental or enterprise funds whose total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the totals for all funds of that category (governmental or enterprise) and at least 5% of the combined totals for governmental and enterprise funds. The remaining two funds' data is combined into a single column labeled "nonmajor governmental funds." *Individual fund data for these nonmajor governmental funds is presented beginning on page 59 of this report.*

Proprietary Funds

There are two categories of proprietary funds: enterprise funds and internal service 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 the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village has four enterprise funds, the Water and Sewer Fund, Northwest Region Water Reclamation Fund, 911 Dispatch Fund and Commuter Parking Fund. *Financial activity of the Village's enterprise funds is shown in more detail than the government-wide financial statements and can be found beginning on page 11 of this report.*

Fiduciary Funds

The Police Pension is the Village's only fiduciary fund. The fiduciary funds are not reflected in the government-wide financial statements because its resources are not available to support the Village's programs, but are used to account for resources held for the benefit of the eligible police officers and fire fighters. The accounting used for fiduciary funds is similar to that used for proprietary funds. *The Police Pension fund financial statements can be found beginning on page 14 of this report.*

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and the fund financial statements. *The notes are preceded by an index which begins on page 16 of this report.*

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's funding of pension and other postemployment benefit obligations to its employees and budget information. *Required supplementary information can be found beginning on page 51 of this report.*

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

Infrastructure Assets

A government’s largest group of assets is typically its infrastructure (i.e. roads, bridges, storm sewers, etc.). A government must elect to either (1) depreciate these assets over their estimated useful lives or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The Village of Fox Lake has chosen to depreciate assets over their useful lives. If a road project is considered maintenance – a recurring cost that does not extend the road’s useful life or expand its capacity – the cost of the project will be expensed. An “overlay” of a road will be considered maintenance, whereas a “rebuild” of a road will be capitalized.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The Village’s net position as of April 30, 2017 was \$96,866,574, which represents an increase of \$2,214,055 as compared to April 30, 2016. The Village’s net position from governmental activities increased by \$383,293 and net position from business-type activities increased by \$1,830,762 based upon FY2016 balances. Table 1 below presents a summary of governmental and business-type net position as of April 30, 2017 compared to April 30, 2016. *More detailed information can be found in the Statement of Net Position on page 4.*

Table 1: Comparative Summary Statements of Net Position as of April 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 14,734,569	\$ 14,941,606	\$ 16,114,214	\$ 14,308,484	\$ 30,848,783	\$ 29,250,090
Capital assets	29,594,188	29,521,424	58,876,719	57,530,336	88,470,907	87,051,760
Total Assets	<u>44,328,757</u>	<u>44,463,030</u>	<u>74,990,933</u>	<u>71,838,820</u>	<u>119,319,690</u>	<u>116,301,850</u>
Deferred outflows of resources						
	<u>1,193,938</u>	<u>3,385,788</u>	<u>619,517</u>	<u>797,829</u>	<u>1,813,455</u>	<u>4,183,617</u>
Liabilities						
Current liabilities	2,001,072	1,290,236	1,224,208	663,775	3,225,280	1,954,011
Noncurrent liabilities	10,665,437	12,569,200	6,582,118	6,002,099	17,247,555	18,571,299
Total Liabilities	<u>12,666,509</u>	<u>13,859,436</u>	<u>7,806,326</u>	<u>6,665,874</u>	<u>20,472,835</u>	<u>20,525,310</u>
Deferred inflows of resources						
	<u>3,791,149</u>	<u>5,307,638</u>	<u>2,587</u>	<u>-</u>	<u>3,793,736</u>	<u>5,307,638</u>
Net Position						
Net investment in capital assets	25,883,457	25,429,349	53,309,911	52,730,571	79,193,368	78,159,920
Restricted net position	2,993,250	2,600,997	-	-	2,993,250	2,600,997
Unrestricted net position	188,330	651,398	14,491,626	13,240,204	14,679,956	13,891,602
Total Net Position	<u>\$ 29,065,037</u>	<u>\$ 28,681,744</u>	<u>\$ 67,801,537</u>	<u>\$ 65,970,775</u>	<u>\$ 96,866,574</u>	<u>\$ 94,652,519</u>

Normal Impacts on Net Position

Prior to discussing the current year’s impacts on net position, it is helpful to first understand how six basic (normal) transactions impact the statement of net position and the three categories under net position.

Net results of activities – will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for capital – will increase current assets and long-term debt.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

Spending borrowed proceeds on new capital – will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt, which will not change the net investment in capital assets.

Spending of non-borrowed current assets on new capital – will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal payment on debt – will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of capital assets through depreciation – will reduce capital assets and net investment in capital assets.

Current Year Impacts on Net Position

Governmental Activities

For fiscal year 2017, governmental activities net position totaled \$29,065,037 reflecting an increase of \$383,293 over the prior fiscal year. Governmental activities total assets and deferred outflows decreased \$2,326,123 and governmental activities total liabilities and deferred inflows decreased \$2,709,416.

The \$2,326,123 decrease in total assets and deferred outflows resulted from a \$207,037 decrease in current and other assets, an increase of \$72,764 in capital assets, and a decrease in deferred outflows of \$2,191,850 to record police pension GASB Statement No. 68 adjustments. The decrease in current and other assets reflects the reduction in property tax receivable offset by an increase in cash related to cost saving initiatives. A referendum creating a fire protection district passed and therefore, property taxes related to fire protection are now collected by the Fox Lake Protection District. The increase in capital assets is related to the purchase of new police vehicles, public works vehicles, and Lake Front Park and Grounds renovation project.

All of the governmental funds experienced increases in their cash position as a result of budget surpluses. This increase resulted from more timely receipt of state-shared revenues, new revenue sources, postponement of infrastructure improvements and delay in funding economic development.

The \$2,709,416 decrease in total liabilities resulted from an increase of \$710,836 in current liabilities related to an increase in accounts payable for the Lake Front Park renovations, a decrease of \$1,903,763 in noncurrent liabilities related to deferred property taxes revenues for the Fire Protection District being collected directly by the District and a decrease of \$1,516,489 in pension related deferred outflows adjustments related to GASB Statement No. 68.

Business-Type Activities

The business-type activities net position totaled \$67,801,537 increased by \$1,830,762. Business-type activities total assets increased by \$3,152,113, deferred outflows decreased by \$178,312, and total liabilities and deferred inflows increased by \$1,143,039. The increase in total assets includes a \$1,805,730 increase in current and other assets and an increase of \$1,346,383 in capital assets. The majority of the increase in current assets occurred due to an increase in cash position due to water rate increases to add to reserve balances to fund related infrastructure improvements, receipt of waterworks and sewage system IEPA junior liens revenue bonds to build the North water tower and a decrease in expenses related to improved maintenance and a \$363,242 increase in the Northwest Region Water Reclamation Fund related to capital asset increases for the aeration blower and Prairie Material Site improvements. The increase in total liabilities includes a \$560,433 increase in current liabilities and a \$580,019 increase noncurrent liabilities. The increase in current liabilities relates to the increase in accounts payable of \$656,011 in the Water Fund due to the completion of the North Tower offset by a decrease in accounts payable in the NW Region Water Reclamation fund since the fund experienced less April expenses than the prior year. The increase in noncurrent liabilities occurred in the Water Fund and the IEPA loan related to the North Tower.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

Changes in Net Position

The Village's combined change in net position for FY2017 was an increase of \$2,417,143. Business-type activities saw an increase in net position of \$1,830,762 and governmental activities saw an increase of \$586,381 since the beginning of fiscal year 2017. The table below shows the condensed revenues and expenses of the Village's activities.

Table 2: Comparative Changes in Net Position as of April 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for services	\$ 2,770,884	\$ 2,847,144	\$ 10,241,060	\$ 10,163,045	\$ 13,011,944	\$ 13,010,189
Operating and capital grants	301,629	311,826	86,250	-	387,879	311,826
General Revenues						
Property taxes	3,567,942	3,528,224	-	-	3,567,942	3,528,224
All other taxes	5,935,764	6,000,637	-	-	5,935,764	6,000,637
Other Revenues and Transfers	(34,738)	53,927	911,593	24,127	876,855	78,054
Total revenues	12,541,481	12,741,758	11,238,903	10,187,172	23,780,384	22,928,930
Expenses						
General government	1,808,351	957,156	-	-	1,808,351	957,156
Public safety	6,519,582	6,278,271	-	-	6,519,582	6,278,271
Public works	2,798,081	3,123,297	-	-	2,798,081	3,123,297
Parks & Recreation	332,729	315,400			332,729	315,400
Economic development	380,123	398,661			380,123	398,661
Interest	116,234	130,021	-	-	116,234	130,021
Water	-	-	2,708,380	2,938,948	2,708,380	2,938,948
Wastewater reclamation			5,557,245	6,168,558	5,557,245	6,168,558
911 Dispatch Service			1,053,051	1,001,802	1,053,051	1,001,802
Parking	-	-	89,465	87,762	89,465	87,762
Total expenses	11,955,100	11,202,806	9,408,141	10,197,070	21,363,241	21,399,876
Change in net position	586,381	1,538,952	1,830,762	(9,898)	2,417,143	1,529,054
Net Position - May 1	28,681,744	32,549,158	65,970,775	66,022,954	94,652,519	98,572,112
Prior period adjustment	(203,088)	(5,406,366)	-	(42,281)	(203,088)	(5,448,647)
Net Position, May 1, as restated	28,478,656	27,142,792	65,970,775	65,980,673	94,449,431	93,123,465
Net Position - April 30	\$ 29,065,037	\$ 28,681,744	\$ 67,801,537	\$ 65,970,775	\$ 96,866,574	\$ 94,652,519

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

Normal Impacts on Revenues and Expenses

There are eight basic impacts on revenues and expenses, which are described below.

Revenues:

Economic conditions – This can reflect a declining, stable, or growing economic environment and has a substantial impact on state income, sales and utility tax revenue, and public spending habits for building permits, elective user fees, and volumes of consumption.

Increase in Village approved rates – While certain tax rates are set by statute, the Village Board has limited authority to impose and periodically increase certain rates (water, licenses, permits, fines, inspection fees, etc.).

Changing patterns in intergovernmental and grant revenue (both recurring and nonrecurring) – Certain recurring revenues (state-shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market impacts on investment income – The Village’s investment portfolio is managed using a short-term average maturity and market conditions may cause investment income to fluctuate.

Expenses:

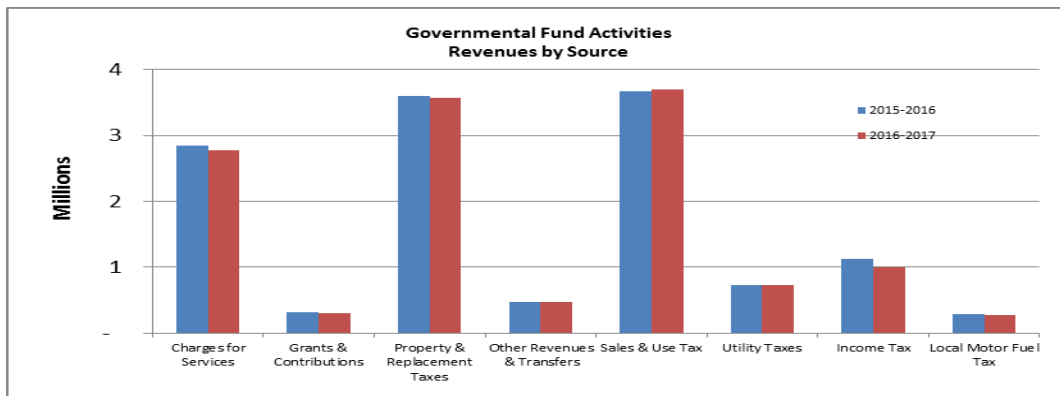
Introduction/elimination of programs and services – Within the functional expense categories (General Government, Public Safety, Public Works, etc.) programs and services may be added or deleted to address changing community needs, unfunded mandates from other governmental levels, and funding available within the Village.

Increases/decreases in the number of authorized personnel – The Village Board may authorize increases or decreases in staffing levels based upon program and service changes. Staffing costs (salary and related benefits) represent approximately 39.6% of the Village’s General Fund operating costs and 28.6% of the business-type activities funds.

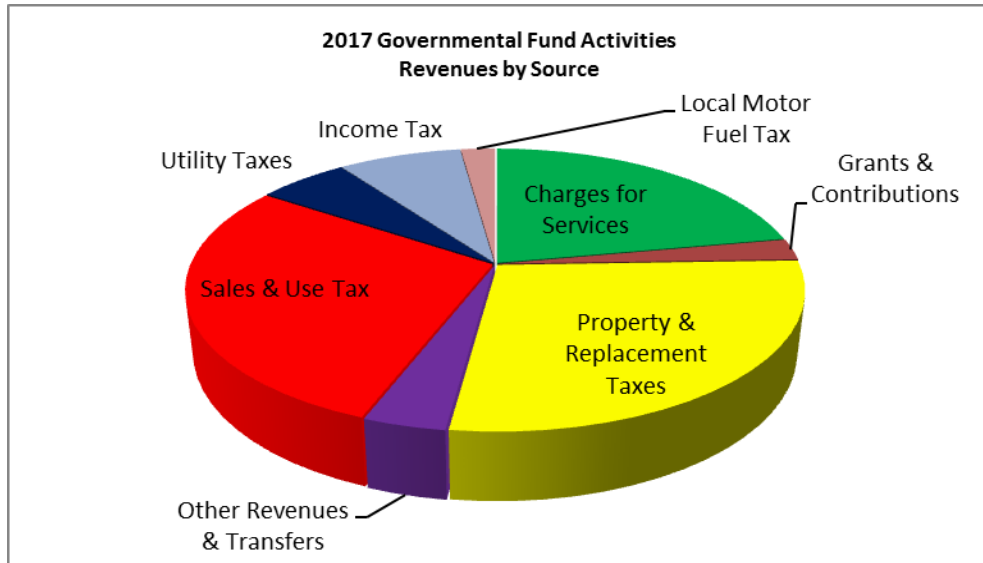
Salary increases (annual adjustments and merit) - The Village has two separate bargaining units representing approximately 39% of the employee population.

Inflation – While overall inflation has been reasonably low, the Village is a major consumer of certain commodities such as supplies, fuel, and utilities. Some specific areas may experience unusually high price increases.

Current Year Impacts on Revenues and Expenses - *Governmental Activities Revenues:*



VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017



For the fiscal year ended April 30, 2017, revenues from governmental activities totaled \$12,541,481 a decrease of \$200,277 or 1.57% from the prior fiscal year.

The Village continues to receive the majority of its revenues from property taxes, charges for services, income taxes, sales and local use taxes, telecommunications and utility taxes, video gaming and other taxes. Sales and Use Taxes represent the largest revenue source at \$3,697,145 or 29.48%. Grants, other revenues, and Utility taxes were the only categories that did not experience growth. It appears most tax revenues have stabilized and are seeing positive growth especially in the food, drinking and eating, lumber/hardware and filling station sectors. The Village is seeing a rebound in the housing market and more people are driving to their vacation destinations. The majority of these taxes are heavily dependent upon the state of the economy, including employment levels and the levels of expendable income for entertainment and extraneous purchases, as well as the Village's population. As such, the Village has experienced a slow and steady recovery in these revenues.

At \$3,639,673 and 29.02% of total revenues, property and replacement taxes comprise the second largest single source of governmental activity revenue for the Village. The total property taxes received included \$3,530,935 of taxes levied by the Village, \$71,731 for replacement taxes and \$37,007 in property tax increment revenue generated by the Village's tax increment financing (TIF) district. The levied property taxes received are restricted in their use, as follows:

<u>Tax Levy Use</u>	<u>Amount</u>
Ambulance	\$577,398
Audit Tax	\$ 18,776
Corporate	\$903,054
Fire Protection	\$629,285
IMRF	\$130,786
Police Pension	\$502,547
Police Protection/System	\$240,302
Social Security	\$165,514
Tort Judgement/Liability Insurance	\$363,272
Road and Bridge	\$132,663

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

In fiscal year 2017, property tax revenues increased by \$40,032 or 1.14% mainly due to the rate of inflation limited by the Property Tax Extension Limitation Law.

Charges for Services were the Village's third largest revenue source at \$2,770,884, representing 22.09% of the total Governmental Activity revenue. The primary Charges for Services revenues are refuse fees \$966,437, reimbursable expenses \$269,833, police fines and special revenue \$564,465, licenses and permit fees \$404,979, and parks and recreational fees \$72,683. As a non-home rule municipality, the Village has limited authority on both the types of charges and related fees that it is able to impose. The majority of the Village's current charges for services focus on construction and business-related activity and, as such, this revenue stream tends to follow the ebbs and flows of the economy.

The operating and capital grants and contributions segment of program revenues includes the Village's motor fuel tax allotment and grants for public works improvements. For fiscal year 2017, revenue derived from operating and capital grants totaled \$301,629 and represented 2.41% of total governmental activity revenue. Of this total, the Village received \$278,576 from the motor fuel tax allotment and \$12,067 for LED replacement through the Sector Energy Efficiency Program Rebate, \$6,036 for police traffic and vest grants, and \$4,950 for the PARC Grant related to the Lakefront Park Renovation.

Income taxes which comprise \$999,978 or 7.97% of total revenue experienced a decrease of 11.3%. The lower revenue is caused by declines in estimated payments and final returns, weakness in jobs, wages, trend in employment levels, and weaker growth in earnings caused by an increased likelihood of recessionary pressures.

Utility taxes are 5.80% or \$727,243. The taxes remained flat with stabilization of all utilities.

The remaining governmental activity revenues include investment income, loss on sale of capital assets, transfers and miscellaneous income. For fiscal year 2017, these revenues totaled \$(34,738) of total governmental activities revenues: (\$119,242) relates to the loss on sale of property \$38,697 in investment income and \$45,807 for other miscellaneous income.

Expenses

For the fiscal year ended April 30, 2017, expenses from governmental activities totaled \$11,955,100, which represents an increase of \$752,294 or 6.72% compared to the prior year.

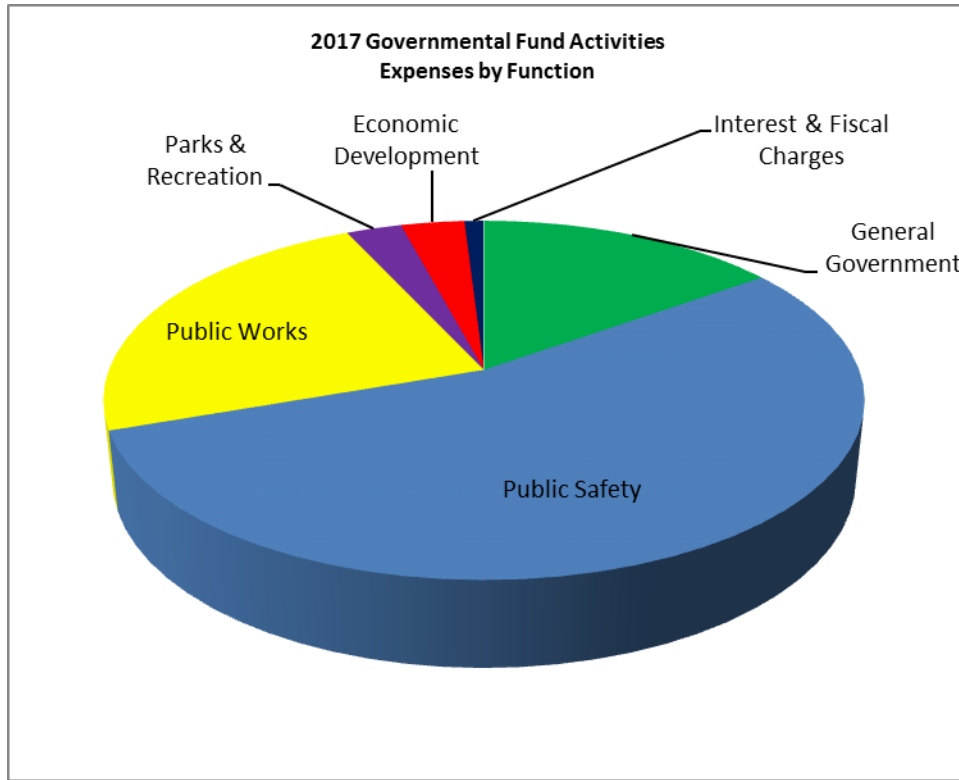
Public safety represents the largest portion of governmental activity expenses. Public safety consists of the Village's police department, including all related personnel, pension, training, supplies, and services for the 911 emergency dispatch center. For fiscal year 2016-17, expenses for public safety were \$6,519,582 and represented 54.53% of total governmental activity expenses. Public safety expenses increased \$241,311 from the prior year, which reflects additional expenses for the hiring of additional officers, new ticket writing software, and police car computers.

Public works is the second largest category of governmental activity expenses. Public works includes activity for streets, vehicles, buildings and grounds, solid waste program, and forestry. For fiscal year 2017, expenses for public works totaled \$2,798,081 and represented 23.40% of total governmental activities expenses. The \$325,216 decrease in public works expenses from the prior year reflects the reduction in staff due to attrition and lower building maintenance supplies related to the LED lighting program expense incurred in FY2016.

General government is the third major category of governmental activity expenses. General government includes expenses for the Village Council, Village Clerk, administration, legal services, finance, engineering, technology, liability insurance, and utilities. For fiscal year 2017, expenses for general government were

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

\$1,808,351 which represented 15.13% of total governmental activities expenses. General government expenses increased \$851,195 from the prior year due to an increase in the externality fee refund due to the North West Regional Reclamation District.



Parks and recreation represents the fourth largest category under governmental activity expenses. Parks and recreation includes expenses for special events, cultural programs and recreational activities for residents of the community. For fiscal year 2017, expenses for parks and recreation increased by \$17,329 related the purchase of a new pier at Lake Front Park.

Economic Development includes implementing and enforcing current applicable codes and ordinances within the Village and overseeing the construction process at various stages through building inspections. For fiscal year 2017, expenses for economic development were \$380,123. Costs in this area did decrease from the prior year by \$18,538 due to fewer funds given out for the fascade improvement program, and lower billable engineering expenses.

Business-Type Activities

Revenues:

Total revenues for the Village's business-type activities for fiscal year 2017 were \$11,152,653.

Business-type activities in the Village consist of water operations, waste water reclamation, 911 dispatch center and parking operations. In fiscal year 2017, \$4,948,688 of program revenue were generated by charges for service from wastewater reclamation, \$4,130,744 from water operations, \$1,050,969 from 911 dispatch services and \$110,659 by parking operations.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

Expenses:

Total expenses for the Village's business-type activities for fiscal year 2017 were \$9,408,141. Of the total expenses for business-type activities, \$5,557,245 is attributable to wastewater reclamation, \$2,708,380 to water and sewer operations, \$1,053,051 to 911 dispatch services and \$89,465 to parking operations.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. At April 30, 2017, the Governmental Funds (as presented beginning on page 7) reported a combined fund balance of \$10,215,358 which is a \$253,105, or 2.54%, increase from the beginning of the year balance of \$9,962,253. Of the total year-end fund balance \$609,060 is unassigned and placed in Village reserves for future projects. Fund balances also include \$123,475 non-spendable, \$2,993,250 restricted, \$4,112,568 committed, and \$2,377,005 assigned.

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The total fund balance of the General Fund increased by \$82,553, or .95%, from the beginning of year balance. The increase in fund balance reflects implementation of cost reduction initiatives, increased revenue streams from video gaming of \$30,630, continued gains in vehicle sticker program enforcement resulted in \$37,198 in additional license and fee revenue, and higher rates of return on investments of \$23,811. The departmental savings were in Administration \$4,106 when the externality fee refund is excluded, Public Safety - \$21,642, Public Works of \$121,812 and Motor Pool \$3,602. Both departments saw a savings in wages and benefits due to a reduction of staff through attrition. Administration realized reduction of two staff members and the streets department realized one staff member.

Proprietary Funds

At April 30, 2017, the Enterprise Funds' (as presented beginning on page 11) total net position increased by \$1,830,762 over the prior year.

The Water and Sewer Fund reflected an increase in net position of \$1,522,645. This increase was comprised of water fees charged to customers exceeding water related expenses. The Village increased water rates and changed the rate structure to better reflect an allocation methodology reflective of fixed and variable expenses. The rates will continue to be adjusted to create a reserve for future infrastructure improvements.

The Northwest Region Water Reclamation Fund experienced an increase in net position of \$288,206. This increase was comprised of water reclamation revenues exceeding expenditures generated by County Sewer Charges, Tap-on-Fees, and a refund of externality fees. The Village conducted a rate and efficiency study and will be reviewing the current fee structure to determine whether increases or changes to the rates will be required.

The Commuter Parking fund saw a \$21,342 increase in net position. The increase was reflected in a decrease in expenses for parks and grounds maintenance due to the mild winter, as well as, the Village administration renegotiated professional service contracts resulting in lower expenses.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

The 911 Dispatch Services Fund reflected a \$1,431 decrease in net position. The decrease is attributable to contracts for services being lower than expenses. The 911 Dispatch Center expenses have been reviewed and a costing model established which captures all costs of the fund. The 911 Dispatch Center currently is in contract negotiations to provide services to several police and fire departments. New agreements will assist in the spreading of overhead costs to more agencies. The fund was established in FY2014-15. The revenues, expenses, and balance sheet information were included in the General Fund; however, since the 911 Center provides services to other outside entities it should be considered an Enterprise Fund and is now properly accounted for in the correct fund type.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village's passed an ordinance in FY2015-16 adopting the budget system and creating the office of the budget officer; thus, eliminating the appropriations budget.

In FY2015-16, the Village Treasurer/Finance Director has been designated as the Budget Officer and is responsible to prepare an annual budget and present it to the Village Board for review and passage. The annual budget is prepared by fund, with line-item detail, and includes information on the prior year, current year estimates, and each department's requested budget for the next fiscal year.

The process will begin with all departments of the Village submitting their budget requests to the Village Treasurer/Finance Director and review by the Village Administrator. The proposed budget is prepared and presented to the Village Board for review and discussion. Public hearings are held, revisions are made, and the process culminates with adoption of the budget, in ordinance form, by the Village Board. The budget, which by state law also serves as the appropriation ordinance, represents the legal budget of the Village and must be adopted by the Village Board prior to May 1.

The Village Treasurer/Finance Director will be authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Board. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, one budget amendment was approved by the Village Board. The last budget amendment was approved on January 24, 2017.

CAPITAL ASSETS

At the end of FY2017, the Village had a combined total of \$88,470,904 of capital assets invested in land; equipment; buildings and improvements; vehicles; infrastructure; water, sewer, and waste water reclamation facilities and lines; and a commuter lot (see Table 4 below). *The following tables summarize the changes in capital assets, which are presented in detail in Note 4 in the Notes to the Financial Statements.*

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

Table 4: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land (includes rights of way and easements)	\$ 12,472,817	\$ 12,472,817	\$ 2,067,022	\$ 1,758,063	\$ 14,539,839	\$ 14,230,880
Construction in progress	1,120,626	268,538	2,042,918	815,842	3,163,544	1,084,380
Buildings and improvements	4,537,587	4,724,564	27,831,720	28,092,061	32,369,307	32,816,625
Vehicles & Equipment	1,296,447	1,216,966	3,505,257	3,042,525	4,801,704	4,259,491
Infrastructure	10,166,711	10,636,940	-	-	10,166,711	10,636,940
Water transmission system	-	-	14,987,916	14,892,291	14,987,916	14,892,291
Sewer collection system	-	-	8,441,886	8,929,554	8,441,886	8,929,554
Total capital assets	<u>\$ 29,594,188</u>	<u>\$ 29,319,825</u>	<u>\$ 58,876,719</u>	<u>\$ 57,530,336</u>	<u>\$ 88,470,907</u>	<u>\$ 86,850,161</u>

For fiscal year 2017, the Village's total capital assets, net of depreciation, increased \$1,620,746. Capital assets of business-type activities increased \$1,346,383. Capital assets of government activities increased \$274,363 due the renovation of the Lake Front Park building and purchase of new vehicles and equipment by the Police, Street and Building Departments offset by depreciation. The increase to business type activities was related to capital expenditures in the Water Department including equipment and vehicles purchases, Lakewood, Highland, and Glen water main replacements, North Water Tower construction, the Interconnect engineering, and Sewer Lining installation projects; in the NW Region Water Reclamation District including Aeration blowers installation, and land and equipment purchases; in the 911 Dispatch Services Fund including workstations and radio purchases offset by depreciation expense.

Table 5: Change in Capital Assets

	Governmental Activities	Business-type Activities	Total
	2017	2017	2017
Beginning Balance	\$ 29,319,825	\$ 57,530,336	\$ 86,850,161
Additions			
Depreciable	541,896	2,430,480	2,972,376
Nondepreciable	852,088	1,902,796	2,754,884
Retirements			
Depreciable	(127,882)	-	(127,882)
Nondepreciable	-	(366,761)	(366,761)
Depreciation	<u>(991,739)</u>	<u>(2,620,132)</u>	<u>(3,611,871)</u>
	<u>\$ 29,594,188</u>	<u>\$ 58,876,719</u>	<u>\$ 88,470,907</u>

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

This year's additions to capital assets include the following:

Governmental Activities

General Government

None

Building Department

Ford Focus - \$15,892

Police Department

Ford Interceptor - \$25,441

Ford Interceptor - \$28,184

Cameras - Squad Cars - \$52,980

Portable new Radios - \$155,963

Parks & Recreation

Lake Front Park Renovation - \$825,831

Public Works

Front-End Loader Caterpillar Model 926M - \$140,752

Ford F-550 - \$62,352

Ford F-350 - \$45,331

Glen & Lake Repair & Resurface (Portion under water fund) - \$15,000

Nippersink Blvd Phase I - CIP - \$15,415

Sayton Road improvements – CIP - \$10,842

Business-Type Activities

Water & Sewer

2 - Ford F350 - \$46,435 each

Custom Step Van - \$48,600

Lakewood, Highland & Glen Water Main Replacement – \$647,169

Scada System Phase II - \$454,887

North Tower – CIP - \$1,320,701

Sewer Lining – CIP - \$145,650

Interconnect – CIP - \$127,487

Northwest Region Water Reclamation

Ford Transit - \$28,707

Aeration Blower Improvement – \$770,673

Prairie Material Site Improvement - \$308,959

911 Dispatch Center

Workstations - \$25,000

StarCom - \$362,572

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

Debt Outstanding

The Village of Fox Lake governmental activities had total long-term debt of \$10,665,437 as of April 30, 2017. Long-term debt is comprised of general obligation debt, Illinois EPA low interest loan, net pension obligation, compensated absences payable to employees, unamortized bond premium, and other postemployment benefit obligations. *For more detail on the Village's long-term debt, see Note 6 (b) in the Notes to the Financial Statements.*

General obligation debt outstanding: At the end of the year, the Village had six general obligation (G.O.) debt issues outstanding with a combined balance of \$5,547,703. Under state statutes, the Village's aggregated general obligation indebtedness cannot exceed 8.625% of the value of taxable property within the Village. As of April 30, 2016, the total debt applicable to this limit was \$5,547,703 well below the \$22,015,620 set by law. None of the general obligation debt is bonded debt, and; therefore, is not supported with a direct tax on the residents of the Village.

Illinois Environmental Protection Agency Loan: The Village has a low interest rate loan due in semiannual installments of principal and interest. The total outstanding debt balance as of April 30, 2017 is \$3,680,423 with interest payments at a rate of 1.995% per year.

Compensated absences: At the end of the year, compensated absences payable totaled \$541,950, which reflected a decrease of \$86,781 from the prior year. This decrease reflects less employees and a change in vacation carryover policy.

Net pension liability: As of April 30, 2017, the Village's net pension liability totaled \$7,130,492 which reflected a decrease of \$1,644,526 over the prior year. As of the last valuation date, the Police Pension Fund had a funded ratio of 72.78%. While the Village has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 69.9% of the Village's FY2017 contribution. The police pension tax does not have a rate ceiling; however, the Village's ability to increase this tax levy is limited by the tax caps imposed by the state of Illinois. *For more detail on the Village's pension obligations see Note 9 (a) in the Notes to the Financial Statements.*

Other postemployment benefit (OPEB) obligations: As of April 30, 2017, the Village's net OPEB obligation totaled \$217,843. The Village is not required to and currently does not advance fund this obligation. *For more detail on the Village's OPEB obligation see Note 10 (e) in the Notes to the Financial Statements.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village was incorporated on December 15, 1906, and certified by the state on April 13, 1907. The area was first explored during the 17th century by the French. In the late 19th century, it was known as Nippersink Point. Many Chicagoans have established summer homes in Fox Lake. The village is situated among the Chain O'Lakes, where swimming, boating, jet skiing, tubing and boarding are popular activities. In 2006, there were an estimated 28,000 boats registered on the lake system. The Village relies almost entirely upon revenues driven by the state of the economy to support its basic services. As a result, the Village began working on a strategic financial plan that addressed both its revenue streams and a review of its expenses. As part of the revenue analysis, the Village identified that, to stabilize and increase its revenue streams, the burden of funding the Village should be shared by the taxpayers, the users of services, and patrons of businesses. Steps taken to increase revenues include the review of existing fees and charges and the implementation of fee increases; opening additional video gaming establishments, enforcement of existing revenue-generating codes, establishment of a places for eating tax, and collection of outstanding water and police fines receivables through a new collection agency.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2017

The second component of the strategic financial plan encompassed opportunities to reduce or stabilize growth in expenditures. Due to budget reductions over the years, including personnel, the majority of the Village's budget is now dedicated to personnel and related benefits. The FY2017-2018 budget adopted on April 25, 2017 reflects no general fund related fee increases, revenues continue to be reliant on economically-driven revenue streams to support basic Village services, and no significant service modifications are anticipated.

The components of the strategic financial plan encompassed the need to establish a capital repair and replacement plan to address the Village's aging facilities, equipment, and infrastructure, especially the roads.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Stephanie L Hannon, Finance Director, Village of Fox Lake, 66 Thillen Drive, Illinois 60020.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 10,818,233	\$ 12,493,650	\$ 23,311,883
Receivables, net of allowance for uncollectibles			
Property taxes	2,528,324	-	2,528,324
Accounts	505,782	3,084,690	3,590,472
Intergovernmental	973,312	-	973,312
Prepaid items	38,216	41,317	79,533
Cash with paying agent	176,400	103,600	280,000
Inventory	85,259	-	85,259
Internal balances	(390,957)	390,957	-
Capital assets			
Capital assets not being depreciated	13,593,443	4,109,940	17,703,383
Capital assets being depreciated, net	16,000,745	54,766,779	70,767,524
Total assets	44,328,757	74,990,933	119,319,690
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	1,193,938	540,899	1,734,837
Unamortized loss on refunding	-	78,618	78,618
Total deferred outflows of resources	1,193,938	619,517	1,813,455
Total assets and deferred outflows of resources	45,522,695	75,610,450	121,133,145
LIABILITIES			
Accounts payable	1,128,160	1,140,095	2,268,255
Accrued payroll	159,515	84,113	243,628
Interest payable	12,010	-	12,010
Deposits payable	701,387	-	701,387
Noncurrent liabilities			
Due within one year	462,267	314,131	776,398
Due in more than one year	10,203,170	6,267,987	16,471,157
Total liabilities	12,666,509	7,806,326	20,472,835
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	1,261,000	2,587	1,263,587
Unearned revenue	1,825	-	1,825
Deferred property taxes	2,528,324	-	2,528,324
Total deferred inflows of resources	3,791,149	2,587	3,793,736
Total liabilities and deferred inflows of resources	16,457,658	7,808,913	24,266,571
NET POSITION			
Net investment in capital assets	25,883,457	53,309,911	79,193,368
Restricted for			
Economic development	335,986	-	335,986
Maintenance of roadways	1,126,291	-	1,126,291
DUI enforcement	57,305	-	57,305
Insurance	19,238	-	19,238
Northwest Region improvements	1,454,430	-	1,454,430
Unrestricted	188,330	14,491,626	14,679,956
TOTAL NET POSITION	\$ 29,065,037	\$ 67,801,537	\$ 96,866,574

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,808,351	\$ 1,014,866	\$ 23,053	\$ -
Public safety	6,519,582	625,266	-	-
Public works	2,798,081	1,058,069	278,576	-
Parks and recreation	332,729	72,683	-	-
Economic development	380,123	-	-	-
Interest and fiscal charges	116,234	-	-	-
Total governmental activities	11,955,100	2,770,884	301,629	-
Business-Type Activities				
Water and sewer	2,708,380	4,130,744	-	86,250
Wastewater reclamation	5,557,245	4,948,688	-	-
911 dispatch services	1,053,051	1,050,969	-	-
Parking	89,465	110,659	-	-
Total business-type activities	9,408,141	10,241,060	-	86,250
TOTAL PRIMARY GOVERNMENT	\$ 21,363,241	\$ 13,011,944	\$ 301,629	\$ 86,250

	Net (Expense) Revenue and Change in Net Position		
	Governmental	Business-Type	Total
	Activities	Activities	
	\$ (770,432)	\$ -	\$ (770,432)
	(5,894,316)	-	(5,894,316)
	(1,461,436)	-	(1,461,436)
	(260,046)	-	(260,046)
	(380,123)	-	(380,123)
	(116,234)	-	(116,234)
	<u>(8,882,587)</u>	<u>-</u>	<u>(8,882,587)</u>
	-	1,508,614	1,508,614
	-	(608,557)	(608,557)
	-	(2,082)	(2,082)
	-	21,194	21,194
	<u>-</u>	<u>919,169</u>	<u>919,169</u>
	<u>(8,882,587)</u>	<u>919,169</u>	<u>(7,963,418)</u>
General Revenues			
Taxes			
Property tax	3,567,942	-	3,567,942
Utility tax	727,243	-	727,243
Sales tax	3,436,766	-	3,436,766
Use tax	260,379	-	260,379
Hotel/motel tax	5,182	-	5,182
Road and bridge tax	132,663	-	132,663
Video gaming proceeds	301,636	-	301,636
Rental car taxes	186	-	186
Replacement tax	71,731	-	71,731
Shared income tax	999,978	-	999,978
Miscellaneous	45,807	-	45,807
Loss on sale of capital assets	(119,242)	-	(119,242)
Special item	-	846,161	846,161
Investment income	38,697	65,432	104,129
Total	<u>9,468,968</u>	<u>911,593</u>	<u>10,380,561</u>
CHANGE IN NET POSITION	<u>586,381</u>	<u>1,830,762</u>	<u>2,417,143</u>
NET POSITION, MAY 1	28,681,744	65,970,775	94,652,519
Restatement	<u>(203,088)</u>	<u>-</u>	<u>(203,088)</u>
NET POSITION, MAY 1, AS RESTATED	<u>28,478,656</u>	<u>65,970,775</u>	<u>94,449,431</u>
NET POSITION, APRIL 30	<u>\$ 29,065,037</u>	<u>\$ 67,801,537</u>	<u>\$ 96,866,574</u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 9,369,793	\$ 1,448,440	\$ 10,818,233
Receivables, net			
Property taxes	2,484,077	44,247	2,528,324
Accounts	505,782	-	505,782
Intergovernmental	950,150	23,162	973,312
Prepaid items	38,216	-	38,216
Cash with paying agent	176,400	-	176,400
Inventory	62,224	23,035	85,259
Due from other funds	274,516	-	274,516
TOTAL ASSETS	\$ 13,861,158	\$ 1,538,884	\$ 15,400,042
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,118,835	\$ 9,325	\$ 1,128,160
Accrued payroll	159,515	-	159,515
Deposits payable	701,387	-	701,387
Due to other funds	665,473	-	665,473
Total liabilities	2,645,210	9,325	2,654,535
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	2,484,077	44,247	2,528,324
Unearned revenue	1,825	-	1,825
Total deferred inflows of resources	2,485,902	44,247	2,530,149
Total liabilities and deferred inflows of resources	5,131,112	53,572	5,184,684
FUND BALANCES			
Nonspendable			
Nonspendable prepaid items	38,216	-	38,216
Nonspendable inventory	62,224	23,035	85,259
Restricted			
Restricted for DUI enforcement	57,305	-	57,305
Restricted for insurance	19,238	-	19,238
Restricted for Northwest Region improvements	1,454,430	-	1,454,430
Restricted for economic development	-	335,986	335,986
Restricted for maintenance of roadways	-	1,126,291	1,126,291
Unrestricted			
Committed by reserve policy	4,112,568	-	4,112,568
Assigned for capital projects	2,120,231	-	2,120,231
Assigned for shop with a cop	15,083	-	15,083
Assigned for future year budget	241,691	-	241,691
Unassigned	609,060	-	609,060
Total fund balances	8,730,046	1,485,312	10,215,358
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,861,158	\$ 1,538,884	\$ 15,400,042

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS		\$	10,215,358
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 governmental funds			29,594,188
Pension related deferred outflows of resources are not related to current financial resources and, therefore, are not presented in the governmental fund statements			1,193,938
Interest payable is accrued as incurred in the statement of activities as opposed to when paid in governmental funds			(12,010)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			
General obligation debt payable	(3,630,413)		
Unamortized bond premium	(80,315)		
Compensated absences payable	(403,471)		
Net pension liability	(6,333,395)		
Net other postemployment benefit	(217,843)		
			<u>(10,665,437)</u>
Pension related deferred inflows of resources are not due and payable within the current period and, therefore, are not reported in the governmental funds			<u>(1,261,000)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>29,065,037</u></u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,384,983	\$ 37,007	\$ 5,421,990
Licenses, permits and fees	635,300	-	635,300
Intergovernmental	4,104,768	278,576	4,383,344
Charges for services	1,304,438	-	1,304,438
Fines and forfeitures	564,465	-	564,465
Investment income	33,944	4,752	38,696
Miscellaneous	312,490	-	312,490
	<hr/>		
Total revenues	12,340,388	320,335	12,660,723
<hr/>			
EXPENDITURES			
Current			
General government	1,742,614	-	1,742,614
Public safety	5,959,868	-	5,959,868
Public works	2,011,225	116,373	2,127,598
Parks and recreation	314,859	-	314,859
Economic development	371,553	2,995	374,548
Capital outlay	1,363,569	30,415	1,393,984
Debt service			
Principal	370,596	-	370,596
Interest and fiscal charges	130,702	-	130,702
	<hr/>		
Total expenditures	12,264,986	149,783	12,414,769
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	75,402	170,552	245,954
<hr/>			
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	7,151	-	7,151
	<hr/>		
Total other financing sources (uses)	7,151	-	7,151
<hr/>			
NET CHANGE IN FUND BALANCES	82,553	170,552	253,105
<hr/>			
FUND BALANCES, MAY 1	8,647,493	1,314,760	9,962,253
<hr/>			
FUND BALANCES, APRIL 30	\$ 8,730,046	\$ 1,485,312	\$ 10,215,358
<hr/>			

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS \$ 253,105

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

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities

Capitalized capital assets	1,393,984
Depreciation expense	(991,739)

Governmental fund balance is not reduced by net book value of disposed capital assets (126,393)

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 governmental funds

Retirement of general obligation debt	370,596
Amortization of bond premium	10,749
Change in compensated absences payable	14,442
Change in net pension liability payable	(306,426)
Change in net other postemployment benefit payable	(35,656)

Changes to accrued interest on long-term debt in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds 3,719

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 586,381

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

April 30, 2017

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Commuter Parking Lot	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,897,628	\$ 9,588,863	\$ 559	\$ 6,600	\$ 12,493,650
Receivables					
Accounts (net of allowance for uncollectible accounts)	1,218,888	1,820,179	44,519	1,104	3,084,690
Prepaid items	14,014	17,750	9,463	90	41,317
Cash with paying agent	103,600	-	-	-	103,600
Due from other funds	-	665,473	-	-	665,473
Total current assets	4,234,130	12,092,265	54,541	7,794	16,388,730
NONCURRENT ASSETS					
Capital assets, net of accumulated depreciation	18,780,454	39,402,746	393,223	300,296	58,876,719
Total noncurrent assets	18,780,454	39,402,746	393,223	300,296	58,876,719
Total assets	23,014,584	51,495,011	447,764	308,090	75,265,449
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	78,618	-	-	-	78,618
Pension related deferred outflows of resources	127,523	246,681	160,149	6,546	540,899
Total deferred outflows of resources	206,141	246,681	160,149	6,546	619,517
Total assets and deferred outflows of resources	23,220,725	51,741,692	607,913	314,636	75,884,966
CURRENT LIABILITIES					
Accounts payable	778,546	292,738	62,524	6,287	1,140,095
Accrued payroll	19,761	39,103	24,295	954	84,113
Due to other funds	281	2,701	271,534	-	274,516
Current portion of long-term debt	310,556	-	3,575	-	314,131
Total current liabilities	1,109,144	334,542	361,928	7,241	1,812,855
NONCURRENT LIABILITIES					
Compensated absences payable	37,177	68,608	29,266	3,428	138,479
Long-term debt	5,495,152	363,520	261,189	9,647	6,129,508
Total noncurrent liabilities	5,532,329	432,128	290,455	13,075	6,267,987
Total liabilities	6,641,473	766,670	652,383	20,316	8,080,842
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred outflows of resources	610	1,180	766	31	2,587
Total deferred inflows of resources	610	1,180	766	31	2,587
Total liabilities and deferred inflows of resources	6,642,083	767,850	653,149	20,347	8,083,429
NET POSITION (DEFICIT)					
Net investment in capital assets	13,241,288	39,402,746	365,581	300,296	53,309,911
Unrestricted (deficit)	3,337,354	11,571,096	(410,817)	(6,007)	14,491,626
TOTAL NET POSITION (DEFICIT)	\$ 16,578,642	\$ 50,973,842	\$ (45,236)	\$ 294,289	\$ 67,801,537

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2017

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Commuter Parking Lot	Total
OPERATING REVENUES					
Water sales	\$ 3,865,055	\$ -	\$ -	\$ -	\$ 3,865,055
Sewer fees	-	4,837,630	-	-	4,837,630
Dispatch fees	-	-	1,050,969	-	1,050,969
Parking fees	-	-	-	110,659	110,659
Tap on fees	140,263	110,800	-	-	251,063
Contractual revenue	-	-	-	-	-
Miscellaneous	125,426	258	-	-	125,684
Total operating revenues	4,130,744	4,948,688	1,050,969	110,659	10,241,060
OPERATING EXPENSES					
Personnel services	708,038	1,338,590	870,861	30,381	2,947,870
Contractual services/commodities	1,153,230	2,371,938	135,286	54,048	3,714,502
Depreciation	722,373	1,846,717	46,006	5,036	2,620,132
Total operating expenses	2,583,641	5,557,245	1,052,153	89,465	9,282,504
OPERATING INCOME (LOSS)	1,547,103	(608,557)	(1,184)	21,194	958,556
NON-OPERATING REVENUES (EXPENSES)					
Investment income	14,031	50,602	651	148	65,432
Interest and fiscal charges	(124,739)	-	(898)	-	(125,637)
Total non-operating revenues (expenses)	(110,708)	50,602	(247)	148	(60,205)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEMS	1,436,395	(557,955)	(1,431)	21,342	898,351
Capital contributions	86,250	-	-	-	86,250
Special items	-	846,161	-	-	846,161
CHANGE IN NET POSITION	1,522,645	288,206	(1,431)	21,342	1,830,762
NET POSITION (DEFICIT), MAY 1	15,055,997	50,685,636	(43,805)	272,947	65,970,775
NET POSITION (DEFICIT), APRIL 30	\$ 16,578,642	\$ 50,973,842	\$ (45,236)	\$ 294,289	\$ 67,801,537

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

April 30, 2017

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Commuter Parking Lot	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 4,094,343	\$ 4,700,033	\$ 1,068,528	\$ 110,036	\$ 9,972,940
Payments to suppliers	(758,383)	(2,497,436)	(889,022)	(30,404)	(4,175,245)
Payments to employees	(700,558)	(1,384,548)	(57,017)	(47,164)	(2,189,287)
Net cash from operating activities	2,635,402	818,049	122,489	32,468	3,608,408
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Special item	-	846,161	-	-	846,161
Interfund activity	303,758	(356,041)	271,534	(28,067)	191,184
Net cash from noncapital financing activities	303,758	490,120	271,534	(28,067)	1,037,345
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	14,031	50,602	651	148	65,432
Net cash from investing activities	14,031	50,602	651	148	65,432
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(2,183,044)	(773,373)	(387,572)	-	(3,343,989)
Cash with paying agent	(103,600)	-	-	-	(103,600)
Proceeds from issuance of IEPA loans	831,642	-	-	-	831,642
Payments of principal	(518,217)	-	(5,506)	-	(523,723)
Interest and fiscal charges paid on capital debt	(112,187)	-	(1,084)	-	(113,271)
Net cash from capital and related financing activities	(2,085,406)	(773,373)	(394,162)	-	(3,252,941)
NET INCREASE IN CASH AND CASH EQUIVALENTS	867,785	585,398	512	4,549	1,458,244
CASH AND CASH EQUIVALENTS, MAY 1	2,029,843	9,003,465	47	2,051	11,035,406
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 2,897,628	\$ 9,588,863	\$ 559	\$ 6,600	\$ 12,493,650

(This statement is continued on the following page.)

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

April 30, 2017

	Water and Sewer Fund	Northwest Region Water Reclamation Fund	911 Dispatch Services Fund	Nonmajor Commuter Parking Lot Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,547,103	\$ (608,557)	\$ (1,184)	\$ 21,194	\$ 958,556
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation	722,373	1,846,717	46,006	5,036	2,620,132
(Increase) decrease in					
Receivables	(36,401)	(248,655)	17,559	(623)	(268,120)
Prepaid items	275,112	2,890	2,895	25	280,922
Pension items	47,767	137,599	(24,364)	(1,596)	159,406
Increase (decrease) in					
Accounts payable	119,735	(128,388)	37,083	5,124	33,554
Accrued payroll	(989)	(2,584)	(5,824)	-	(9,397)
Compensated absences payable	(3,061)	(52,918)	(12,337)	(23)	(68,339)
Pension items	610	1,180	766	31	2,587
Net pension liability	(36,847)	(129,235)	61,889	3,300	(100,893)
NET CASH FROM OPERATING ACTIVITIES	\$ 2,635,402	\$ 818,049	\$ 122,489	\$ 32,468	\$ 3,608,408
NONCASH TRANSACTIONS					
Capital contributions	\$ 86,250	\$ -	\$ -	\$ -	\$ 86,250
Increase in IEPA loans receivable	447,872	-	-	-	447,872
TOTAL NONCASH TRANSACTIONS	\$ 534,122	\$ -	\$ -	\$ -	\$ 534,122

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND**

April 30, 2017

ASSETS	
Cash	\$ 161,233
Investments (at fair value)	
Corporate obligations	1,156,502
Certificates of deposit	975,340
State and local obligations	62,114
U.S. Government obligations	2,789,511
Mutual funds	10,155,583
Accrued interest receivable	43,775
Prepaid expenses	<u>7,036</u>
 Total assets	 <u>15,351,094</u>
 LIABILITIES	
Accounts payable	<u>27</u>
 Total liabilities	 <u>27</u>
 NET POSITION RESTRICTED FOR PENSION BENEFITS	 <u><u>\$ 15,351,067</u></u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND

April 30, 2017

ADDITIONS

Contributions	
Employer	\$ 718,995
Plan members	<u>166,723</u>
Total contributions	<u>885,718</u>
Investment income	
Net appreciation in fair value of investments	1,015,672
Interest and dividends	<u>337,464</u>
Total investment income	1,353,136
Less investment expense	<u>(27,534)</u>
Net investment income	<u>1,325,602</u>
Total additions	<u>2,211,320</u>

DEDUCTIONS

Pension benefits and refunds	812,986
Administrative expenses	<u>38,672</u>
Total deductions	<u>851,658</u>

NET INCREASE 1,359,662

**NET POSITION RESTRICTED
FOR PENSION BENEFITS**

May 1	<u>13,991,405</u>
April 30	<u><u>\$ 15,351,067</u></u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Fox Lake, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles (GAAP)), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

As required by GAAP, these financial statements present the Village (the primary government). In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government. Component units are legally separate entities for which the Village (the primary government) is financially accountable. Financial accountability exists when the Village (1) appoints the voting majority of the board and there is a financial benefit/burden relationship or the Village can impose its will on the component unit; or (2) the potential component unit meets the fiscal dependency and financial benefit/burden criteria; or (3) it would be misleading to exclude the potential component unit.

b. Fund Accounting

The Village uses funds to report on its financial position and the changes in financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain village functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds restricted, committed or assigned for the acquisition or construction of major capital assets (capital projects funds) and the funds restricted, committed or assigned for the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes a pension trust fund which is generally used to account for assets that the Village holds in a fiduciary capacity.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General Fund is the general operating fund of the Village. It is used to account for all financial resources not accounted for in another fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major proprietary funds:

The Water and Sewer Fund is used to account for operations of the Water and Sewer utility that are intended to be recovered through user charges.

The Northwest Region Water Reclamation Fund is used to account for the operations of the Village's water treatment plant.

The 911 Dispatch Services Fund is used to account for central dispatch services offered to other participating municipalities.

The Village reports a pension trust fund as a fiduciary fund to account for the Police Pension Fund.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally 60 days except for certain revenues collected by the state (e.g., sales and telecom taxes) which use a 90 to 120-day period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

The Village recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Those revenues susceptible to accrual are property taxes, franchise fees, licenses, interest revenue and charges for services. Sales and telecommunication taxes owed to the state at year end on behalf of the Village also are recognized as revenue. Fines and permits revenue are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria is met.

The Village reports unavailable/deferred revenue and unearned revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet the measurable and available or earned criteria for recognition in the current period. Unearned revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflow for unavailable/deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds consider their equity in pooled cash and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due to/from other funds” on the financial statements. Long-term interfund loans are classified as “advances to/from other funds.”

g. Prepaid Items/Expenses

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

h. Inventory

Inventories are accounted for at cost using the first-in/first-out (FIFO) method.

i. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, stormwater systems) and intangibles (easements and software), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$50,000 for infrastructure and \$20,000 for all other capital assets, and an estimated useful life in excess of three years. All land and land improvements are capitalized, regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	10-45
Vehicles, equipment and software	4-40
Infrastructure	15-50

j. Compensated Absences

Vested or accumulated vacation leave that is due to employees who have retired or terminated by the end of the year is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees.

k. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Village Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include resolutions and ordinances (equally binding) approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has not been delegated. Any residual fund balance of the General Fund is reported as unassigned. Any deficit fund balances in other governmental funds are also reported as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Balance/Net Position (Continued)

The Village has adopted a targeted fund balance for its General Fund. The General Fund has a targeted unassigned fund balance of at least 33% of the total General Fund annual expenditures. General Fund unassigned fund balance in excess of 50% may be transferred to the pension fund or Capital Improvement Program Fund balance, used to pay for existing capital improvement projects, or used to retire existing debt.

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

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the Village's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

l. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities columns, or proprietary fund financial statements. Bond premiums and discounts, as well as gains and losses on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed as incurred.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Interfund Transactions

Interfund service transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund service transactions and reimbursements, are reported as transfers.

n. Deferred Outflows/Inflows of Resources

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

o. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

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

2. DEPOSITS AND INVESTMENTS (Continued)

Permitted Deposits and Investments - the Village's investment policy authorizes the Village to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper that matures within 180 days of purchase and is rated within the two highest classifications by at least two standard rating services, municipal bonds rated within the highest four general classifications established by at least two accredited rating agencies and Illinois Funds (a money market fund created by the State of Illinois under the State Treasurer that maintains a \$1 per share value). Pension funds may also invest in certain non-U.S. obligations, insured credit union shares, Illinois municipal corporations tax anticipation warrants, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds and equities.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold.

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are legality, safety, liquidity and yield.

Village Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires bank balances to be secured by collateral with a fair value of at least 110% of any uninsured balances, witnessed by a written agreement and held at an independent third party institution in the name of the Village.

Village Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by matching its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village does not directly invest in securities maturing more than two years from the date of purchase. Reserved funds and other funds with longer term investment horizons may be invested in securities exceeding two years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Village Investments (Continued)

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Village limits its exposure to credit risk by limiting investments to the types of securities listed above and diversifying the investment portfolio to the best of its abilities based on the type of funds invested and the cash flow needs of those funds.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires custody of investments by a third party custodian or third party bank trust department. All securities transactions conducted by the custodian on behalf of the Village are to be on a delivery versus payment (DVP) only basis. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy requires diversification of investments to avoid unreasonable risk. The investments shall be diversified by type of investment, number of institutions invested in and length of maturity. In addition, a portion of the Village's portfolio should continuously be invested in readily available funds such as local government investment pools (LGIPS), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Village does not have any investments reported at fair value at April 30, 2017.

3. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2015 levy year attach as an enforceable lien on January 1, 2015, on property value assessed as of the same date. Taxes are levied by December 31 of the subsequent fiscal year end by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2016 and August 1, 2016, and are payable in two installments, on or about June 1, 2016 and September 1, 2016. The County collects such taxes and remits them periodically. The 2016 tax levy is intended to finance the 2018 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable/deferred revenue. The 2017 tax levy has not been recorded as a receivable at April 30, 2017, as the tax attached as a lien on property as of January 1, 2017; however, the tax will not be levied until December 2017 and, accordingly, is not measurable at April 30, 2017.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the Village for the year ended April 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,001,335	\$ -	\$ -	\$ 2,001,335
Land right of way	10,471,482	-	-	10,471,482
Construction in progress	268,538	852,088	-	1,120,626
Total capital assets not being depreciated	12,741,355	852,088	-	13,593,443
Capital assets being depreciated				
Buildings and improvements	8,540,195	-	-	8,540,195
Vehicles and equipment	6,257,508	526,896	2,947,058	3,837,346
Infrastructure	19,668,119	15,000	-	19,683,119
Total capital assets being depreciated	34,465,822	541,896	2,947,058	32,060,660
Less accumulated depreciation for				
Buildings	3,815,631	186,977	-	4,002,608
Vehicles and equipment	5,040,542	319,533	2,819,176	2,540,899
Infrastructure	9,031,179	485,229	-	9,516,408
Total accumulated depreciation	17,887,352	991,739	2,819,176	16,059,915
Total capital assets being depreciated, net	16,578,470	(449,843)	127,882	16,000,745
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 29,319,825</u>	<u>\$ 402,245</u>	<u>\$ 127,882</u>	<u>\$ 29,594,188</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,758,063	\$ 308,959	\$ -	\$ 2,067,022
Construction in progress	815,842	1,593,837	366,761	2,042,918
Total capital assets not being depreciated	2,573,905	1,902,796	366,761	4,109,940
Capital assets being depreciated				
Buildings	45,727,319	770,673	-	46,497,992
Vehicles and equipment	8,868,681	1,012,638	82,565	9,798,754
Water transmission system	24,283,039	647,169	-	24,930,208
Sewer collection system	18,924,580	-	-	18,924,580
Total capital assets being depreciated	97,803,619	2,430,480	82,565	100,151,534
Less accumulated depreciation for				
Buildings	17,635,258	1,031,014	-	18,666,272
Vehicles and equipment	5,826,156	549,906	82,565	6,293,497
Water transmission system	9,390,748	551,544	-	9,942,292
Sewer collection system	9,995,026	487,668	-	10,482,694
Total accumulated depreciation	42,847,188	2,620,132	82,565	45,384,755
Total capital assets being depreciated, net	54,956,431	(189,652)	-	54,766,779
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 57,530,336</u>	<u>\$ 1,713,144</u>	<u>\$ 366,761</u>	<u>\$ 58,876,719</u>

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 53,041
Public safety	274,592
Public works	647,647
Parks and recreation	<u>16,459</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 991,739</u></u>

5. 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; injuries to employees; and net income losses. To insure against the losses, the Village participates in the Illinois Counties Risk Management Trust (ICRMT), a public entity risk pool with transfers of risk. The Village pays an annual premium to ICRMT for property, general liability, public officials' liability, employment practices liability, automobile liability, crime and workers' compensation coverage. The following table is a summary of coverage in effect for the period December 31, 2016 through December 1, 2017:

Coverage	ICRMT Self-Insured Retention/ Deductible	Limits
General liability	\$ 5,000	\$ 3,000,000/member
Public officials liability	10,000	1,000,000/occurrence
Excess liability	n/a	7,000,000/occurrence
Property and inland marine	5,000	varies
Law enforcement	10,000	500,000/occurrence
Auto liability	0	1,000,000/occurrence
Crime	5,000	500,000/occurrence
Workers' compensation	0	2,500,000/occurrence

The Village is not aware of any additional premiums owed to ICRMT as of April 30, 2017 for the current or prior claim years.

The Village purchases commercial policies for their health and dental insurance coverages.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT

a. General Obligation Bonds

The outstanding debt as of April 30, 2017 consists of the following individual amounts:

	Fund Debt Retired By	Balances April 30	Current Portion
\$249,000 General Obligation Debt Certificates 2006 due in annual installments of \$16,700 to \$33,100 from May 15, 2006 to May 15, 2016, interest at 4.4%.	General	\$ -	\$ -
\$212,000 General Obligation Debt Certificates 2007 due in annual installments of \$10,000 to \$19,000, from January 1, 2009 to January 1, 2023 with interest at 4.4%.	General	101,000	15,000
\$1,300,000 General Obligation Bond Series 2003A due in annual installments \$62,869 to \$115,414, from June 30, 2003 to June 30, 2019 with interest at 4.375%.	General	331,745	105,818
\$3,640,000 General Obligation Debt Certificates 2011 Series B due in annual installments of \$10,000 to \$19,000, from November 1, 2013 to November 1, 2023 with interest at 2.5% to 3.5%.	General/ Water and Sewer/911	1,934,959	250,000
\$550,000 General Obligation Debt Certificates 2014 Series A due in annual installments of \$270,000 to \$280,000, from May 1, 2015 to May 1, 2016 with interest at 0.75% to 1.05%.	Water and Sewer	-	-
\$3,180,000 General Obligation Debt Certificates 2014 Series B due in annual installments of \$150,000 to \$370,000, from May 1, 2015 to May 1, 2029 with interest at 2% to 4%.	General/ Water and Sewer	3,180,000	280,000
\$2,530,147 Illinois EPA low interest loan due in semiannual installments of principal and interest in annual installments of \$46,765 to \$152,019 from November 15, 2014 to November 25, 2036, with interest at 1.995%.	Water and Sewer	2,400,910	108,477
TOTAL OUTSTANDING DEBT		\$ 7,948,614	\$ 759,295

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

<u>Year</u> <u>Ending</u>	<u>Governmental Activities</u>	
	<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 451,518	\$ 118,615
2019	482,285	104,915
2020	490,272	90,188
2021	388,330	75,489
2022	427,002	63,288
2023	304,960	49,572
2024	282,798	38,815
2025	126,000	28,980
2026	129,150	24,507
2027	129,150	19,341
2028	135,450	14,049
2029	138,600	8,568
2030	144,899	2,898
TOTAL	\$ 3,630,414	\$ 639,225

<u>Year</u> <u>Ending</u>	<u>Business-Type Activities</u>	
	<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 199,300	\$ 59,794
2019	214,228	54,740
2020	216,142	49,212
2021	223,670	43,837
2022	245,998	36,915
2023	174,040	29,064
2024	172,162	23,010
2025	74,000	17,020
2026	75,850	14,393
2027	75,850	11,359
2028	79,550	8,251
2029	81,400	5,032
2030	85,100	1,702
TOTAL	\$ 1,917,290	\$ 354,329

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity (Continued)

Year Ending	Business-Type Activities	
	IPEA Loan	
	Principal	Interest
2018	\$ 108,477	\$ 47,360
2019	110,652	45,185
2020	112,870	42,966
2021	115,133	40,703
2022	117,442	38,395
2023	119,796	36,040
2024	122,198	33,639
2025	124,648	31,189
2026	127,147	28,689
2027	129,697	26,140
2028	132,297	23,540
2029	134,949	20,887
2030	137,655	18,182
2031	140,415	15,422
2032	143,230	12,606
2033	146,102	9,735
2034	149,031	6,805
2035	152,019	3,817
2036	77,151	769
TOTAL	\$ 2,400,909	\$ 482,069

c. Changes in Long-Term Liabilities

The following is a summary of changes in bonds, installment notes payable, debt certificates and other long-term liabilities during fiscal year 2017:

	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation debt certificates	\$ 3,567,992	\$ -	\$ 269,322	\$ 3,298,670	\$ 345,700
General obligation bonds	433,017	-	101,274	331,743	105,818
Compensated absences payable	417,913	-	14,442	403,471	-
Other postemployment benefits	182,187	35,656	-	217,843	-
Net pension liability	7,877,027	-	1,543,632	6,333,395	-
Unamortized bond premium	91,064	-	10,749	80,315	10,749
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12,569,200	\$ 35,656	\$ 1,939,419	\$ 10,665,437	\$ 462,267

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities (Continued)

	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
General obligation debt certificates	\$ 2,334,668	\$ -	\$ 417,378	\$ 1,917,290	\$ 199,300
Illinois EPA loan	2,507,254	1,279,514	106,345	3,680,423	108,477
Compensated absences payable	206,818	-	68,339	138,479	-
Net pension liability	897,991	-	100,894	797,097	-
Unamortized bond premium	55,368	-	6,539	48,829	6,354
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 6,002,099	\$ 1,279,514	\$ 699,495	\$ 6,582,118	\$ 314,131

7. INTERFUND ASSETS/LIABILITIES AND TRANSFERS

Interfund balances consisted of the following:

	Due From	Due To
General Fund		
Water Fund	\$ 281	\$ -
Central Dispatch Fund	271,534	-
Northwest Regional Water Reclamation Fund	2,701	665,473
Total General Fund	274,516	665,473
Water and Sewer Fund		
General Fund	-	281
Central Dispatch Fund		
General Fund	-	271,534
Northwest Regional Water Reclamation Fund		
General Fund	665,473	2,701
TOTAL INTERFUND BALANCES	\$ 939,989	\$ 939,989

Interfund payables from the General Fund to other funds represent amounts collected into the General Fund that are owed to other funds at year end. Interfund receivables from the General Fund to other funds represent amounts paid from the General Fund for expenditures on behalf of other funds.

8. CONTINGENT LIABILITIES

a. 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 attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the Village as a whole. However, the Village is engaged in mediation over a matter which could result in a material allocation of resources between the funds of the Village.

b. 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.

9. DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the two plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. The pension plan does not issue a separate report. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees (other than those covered by the Police 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.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Plan Membership

At December 31, 2016, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	58
Active employees	63
 TOTAL	 178

Illinois Municipal Retirement Fund (Continued)

Benefits Provided

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended April 30, 2017 was 10.45% of covered payroll.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate (Continued)

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2016	\$ 15,876,562	\$ 14,273,107	\$ 1,603,455
Changes for the period			
Service cost	404,760	-	404,760
Interest	1,178,635	-	1,178,635
Difference between expected and actual experience	(127,660)	-	(127,660)
Changes in assumptions	(21,291)	-	(21,291)
Employer contributions	-	362,209	(362,209)
Employee contributions	-	152,436	(152,436)
Net investment income	-	953,436	(953,436)
Benefit payments and refunds	(685,657)	(685,657)	-
Other (net transfer)	-	180,704	(180,704)
Net changes	748,787	963,128	(214,341)
BALANCES AT DECEMBER 31, 2016	\$ 16,625,349	\$ 15,236,235	\$ 1,389,114

The discount rate was changed from 7.49% to 7.50%.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2017, the Village recognized pension expense of \$460,250.

At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 138,650	\$ -
Changes in assumption	-	4,510
Net difference between projected and actual earnings on pension plan investments	694,836	-
Contributions made subsequent to the measurement date	109,150	-
	<hr/>	<hr/>
TOTAL	\$ 942,636	\$ 4,510

\$109,150 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2018	\$ 280,841
2019	280,841
2020	266,043
2021	1,251
2022	-
Thereafter	-
	<hr/>
TOTAL	<u>\$ 828,976</u>

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (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 of 7.50% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 3,706,699	\$ 1,389,114	\$ (476,460)

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and 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 plan as a pension trust fund.

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.

Plan Membership

At April 30, 2017, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	15
Current employees	
Vested	14
Nonvested	7
	<hr/>
TOTAL	<u>36</u>

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final salary for each year of service up to 30 years, to a maximum of 75% 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 of 2.5% of final salary for each year of service.

Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50% of final salary or the employee's retirement benefit.

Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a covered employee 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% of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3% of the amount of the pension payable at the time of the increase.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of ten years of service; early retirement age is attainment of age 50, completion of ten years of service and the early retirement factor is 6% per year; the employee's accrued benefit is based on the employee's final eight-year average salary not to exceed \$106,800 (as indexed); cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of consumer price index beginning the later of the anniversary date or age 60; surviving spouse's benefits are 66 2/3% of the employee's benefit at the time of death.

Contributions

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 Police Pension Plan as actuarially determined by an enrolled actuary, including administrative costs. The Village's contribution rate for the year was 42.01%.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Contributions (Continued)

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. The Village has adopted a funding policy that will result in funding of 100% of the past service cost by 2040.

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. The investment policy was not changed during the year.

The primary investment goal of the Fund is to maximize portfolio return within reasonable risk levels. This is accomplished by diversifying the portfolio among various asset classes, with the goal of reducing volatility of return, and among various issuers of securities to reduce principal risk.

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Diversification by Instrument</u>	<u>Minimum</u>	<u>Maximum</u>
Cash	2%	20%
Equities (separate account)	20%	55%
Equities/mutual funds only	0%	10%
Fixed income	33%	78%

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

ILCS limits 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 March 2017 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 assets 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 expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2017 are listed in the table above.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade-date. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Investment Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.4%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Corporate fixed income	\$ 1,156,502	\$ 101,127	\$ 1,055,375	\$ -	\$ -
Municipal bonds	62,114	-	62,114	-	-
Negotiable CDs	975,340	500,050	475,290	-	-
U.S. Treasuries and Federal agencies	2,789,511	480,577	1,765,440	417,435	126,059
TOTAL	\$ 4,983,467	\$ 1,081,754	\$ 3,358,219	\$ 417,435	\$ 126,059

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk through the proper diversifications of maturities and sectors while maintaining cash flow adequate to meet anticipated disbursements for at least six months by utilizing short-term money market investments. There are no constraints on any of the fixed income portfolio's average maturity. Fixed income portfolios should be structured allowing for duration between three and eight years unless deemed otherwise by the Board of Trustees.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Fair Value Measurements

The Fund has the following recurring fair value measurements as of April 30, 2017. The U.S. Treasury obligations and mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The negotiable certificates of deposits, Federal agency obligations, municipal bonds and corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Fund limits its exposure to credit risk by primarily investing in U.S. Treasury or U.S. agency obligations and state and local government bonds rated in the highest four ratings category by a national rating agency. The U.S. agency obligations are rated AAA. Municipal bonds are rated AA+ to AA- by Standard & Poor's. Corporate bonds are rated AA to BBB- by Standard & Poor's. The money market funds are not rated.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund allows the broker purchasing the investment (the counterparty) to also serve as custodian over the investments, which exposes the investments in debt securities disclosed above to custodial credit risk. To limit its exposure, the Fund's investment policy requires broker/dealers to maintain excess Security Investor Protection Corp. (SIPC) insurance. The money market and equity mutual funds are not subject to custodial credit risk.

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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 the Village's contributions will be made at rates equal to the difference between 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate (Continued)

The plan's long-term expected rate of return by asset class is as follows:

Asset Class	Target Allocation	Estimated Geometric Return	Return Attributed to Class
U.S. Large Cap Equity	27%	6.74%	2.44%
U.S. Mid Cap Equity	3%	7.24%	0.29%
U.S. Small Cap Equity	3%	7.74%	0.30%
REITs	3%	5.70%	0.24%
Non U.S. Developed Equity	16%	6.45%	1.40%
Emerging Markets	8%	8.24%	0.84%
Fixed Income	38%	2.18%	1.70%
Cash	2%	1.08%	0.07%

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2016	\$ 21,162,966	\$ 13,991,405	\$ 7,171,561
Changes for the period			
Service cost	449,225	-	449,225
Interest	1,452,953	-	1,452,953
Difference between expected and actual experience	(495,206)	-	(495,206)
Changes in assumptions	(664,507)	-	(664,507)
Employer contributions	-	718,995	(718,995)
Employee contributions	-	166,723	(166,723)
Net investment income	-	1,325,602	(1,325,602)
Benefit payments and refunds	(812,986)	(812,986)	-
Administrative expense	-	(38,672)	38,672
Net changes	(70,521)	1,359,662	(1,430,183)
BALANCES AT APRIL 30, 2017	\$ 21,092,445	\$ 15,351,067	\$ 5,741,378

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability (Continued)

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2017 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.5%
Salary increases	5.5%
Interest rate	7.0%
Asset valuation method	Market

Mortality rates were based on the RP-2014 (BCHA) Mortality Table, unadjusted for public safety. The actuarial assumptions used in the April 30, 2017 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

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 net pension liability of the Village calculated using the discount rate of 7% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 8,566,194	\$ 5,741,378	\$ 3,404,606

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2017, the Village recognized pension expense of \$269,524. At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,259,077
Changes in assumptions	233,300	-
Net difference between projected and actual earnings on pension plan investments	558,901	-
TOTAL	\$ 792,201	\$ 1,259,077

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the Police Pension Plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2018	\$ (46,416)
2019	(46,416)
2020	(20,584)
2021	(287,816)
2022	(65,644)
Thereafter	-
TOTAL	\$ (466,876)

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care (OPEB) benefits for retirees and disabled employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and any 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.

b. Benefits Provided

The Village provides postemployment health care benefits to its retirees and certain disabled employees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans or meet COBRA requirements. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the Village is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime. As of April 30, 2014, the Village had one disabled retiree receiving benefits under this statute.

All health care benefits are provided through the Village's insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Eligibility in Village-sponsored health care plans is discontinued upon eligibility for federally sponsored health care benefits.

c. Membership

At April 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	14
Nonvested	60
	<hr/>
TOTAL	<u>76</u>

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Funding Policy

All retirees, except for the PSEBA employee noted above, contribute 100% of the premium to the Plan to cover the cost of providing the benefits to the retirees via the health insurance plan (pay-as-you-go), which results in an implicit subsidy to the Village as defined by the GASB Statement No. 45. The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement.

e. Annual OPEB Costs and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 95,044	\$ 59,389	62.5%	\$ 217,843
2016	91,933	54,411	59.2%	182,187
2015	89,054	46,655	52.4%	144,666

The net OPEB obligation (NOPEBO) as of April 30, 2017 was calculated as follows:

Annual required contribution	\$ 98,293
Interest on net OPEB obligation	7,287
Adjustment to annual required contribution	<u>(10,536)</u>
Annual OPEB cost	95,044
Contributions made	<u>59,389</u>
Increase in net OPEB obligation	35,656
Net OPEB obligation, beginning of year	<u>182,187</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 217,843</u></u>

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Funded Status and Funding Progress

The funded status of the Plan as of April 30, 2014 was as follows:

Actuarial accrued liability (AAL)	\$ 1,283,575
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,283,575
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	Not available
UAAL as a percentage of covered payroll	Not available

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 trend. Amounts determined regarding the funded status of the Plan and the annual required 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 financial statements, presents multi-year 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.

g. 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 April 30, 2014 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 an initial annual healthcare cost trend rate of 7.58% for PPO and 6.96% for HMO plans and an ultimate healthcare cost trend rate of 5.00% for both PPO and HMO plans. These rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

11. TAX ABATEMENTS

The Village rebates sales taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebate arrangements are specified within written agreements with the businesses concerned.

The Village has entered into an agreement with a car dealer to provide economic incentives over a 20-year period. The incentives are paid every four months at 75% of the total sales tax generated by the business for years one through five and 65% of the total sales tax generated by the business for years 6 through 20 up to a maximum of \$3,900,000 through May 2037. The rebate is subject to recapture, in whole or in part, if the business does not create a total of 35 new jobs within one year of the commencement or if the business relocates outside of the Village within 20 years from the commencement of the agreement. As of and for the year ended April 30, 2017, a liability of \$45,403 has been accrued and no payments have been made under this agreement. As of April 30, 2017, the Village has incurred total incentives of \$45,403.

12. RESTATEMENTS

The Village restated the beginning value of its accumulated depreciation related to infrastructure and vehicles in the governmental activities due to a change in useful lives and an error in depreciation calculation in the prior year, respectively, resulting in a decrease in the net value of assets of \$203,088.

13. SPECIAL ITEM

Special items are significant transactions within the control of management that are unusual in nature or infrequent in occurrence. The Village recognized a gain of \$846,161 in the Northwest Region Water Reclamation Fund and expense of \$846,161 General Fund for the year ended April 30, 2017 as a result of a settlement related to externality fees.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 5,256,477	\$ 5,272,496	\$ 5,384,983	\$ 112,487
Licenses, permits and fees	599,100	551,302	635,300	83,998
Intergovernmental grants and reimbursements	4,178,246	4,489,960	4,104,768	(385,192)
Charges for services	1,255,853	1,281,518	1,304,438	22,920
Fines and forfeitures	380,060	402,300	564,465	162,165
Investment income	6,000	22,000	33,944	11,944
Miscellaneous	1,619,979	1,081,350	312,490	(768,860)
Total revenues	13,295,715	13,100,926	12,340,388	(760,538)
EXPENDITURES				
Current				
General government	1,656,207	1,782,155	1,742,614	(39,541)
Public safety	6,753,299	6,654,972	5,959,868	(695,104)
Public works	2,551,910	2,314,094	2,011,225	(302,869)
Parks and recreation	354,851	338,605	314,859	(23,746)
Community development	565,392	418,035	371,553	(46,482)
Grant expense	300	300	-	(300)
Capital outlay	749,250	1,314,250	1,363,569	49,319
Debt service				
Principal	370,595	370,595	370,596	1
Interest	149,612	149,612	130,702	(18,910)
Total expenditures	13,151,416	13,342,618	12,264,986	(1,077,632)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	144,299	(241,692)	75,402	317,094
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	7,151	7,151
Total other financing sources (uses)	-	-	7,151	7,151
NET CHANGE IN FUND BALANCE	\$ 144,299	\$ (241,692)	82,553	\$ 324,245
FUND BALANCE, MAY 1			8,647,493	
FUND BALANCE, APRIL 30			\$ 8,730,046	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2017

Schedule of Funding Progress

Fiscal Year April 30,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2012	-	N/A	0.00%	N/A	N/A	N/A
2013	-	N/A	0.00%	N/A	N/A	N/A
2014	-	\$ 1,283,575	0.00%	\$ 1,283,575	N/A	N/A
2015	-	N/A	0.00%	N/A	N/A	N/A
2016	-	N/A	0.00%	N/A	N/A	N/A
2017	-	N/A	0.00%	N/A	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2012	\$ 23,829	\$ 48,334	49.30%
2013	23,635	48,334	48.90%
2014	23,833	50,308	47.37%
2015	46,655	90,877	51.34%
2016	54,411	94,512	57.57%
2017	59,389	98,293	60.42%

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017
Actuarially determined contribution	\$ 560,084	\$ 565,894	\$ 706,108
Contributions in relation to the actuarially determined contribution	<u>684,444</u>	<u>692,803</u>	<u>718,995</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ (124,360)</u></u>	<u><u>\$ (126,909)</u></u>	<u><u>\$ (12,887)</u></u>
Covered-employee payroll	\$ 2,017,470	\$ 1,740,188	\$ 1,711,427
Contributions as a percentage of covered-employee payroll	33.93%	39.81%	42.01%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the preceding fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 16 years; the asset valuation method was five-year average market; and the significant actuarial assumptions were an investment rate of return at 7.0% annually, projected salary increases assumption of 5.5% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Two Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017
Actuarially determined contribution	\$ 403,072	\$ 351,280
Contributions in relation to the actuarially determined contribution	<u>378,202</u>	<u>351,519</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ 24,870</u>	<u>\$ (239)</u>
Covered-employee payroll	\$ 3,578,855	\$ 3,364,019
Contributions as a percentage of covered-employee payroll	10.57%	10.45%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the preceding calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 27 years; the asset valuation method was at five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

Last Three Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	\$ 444,803	\$ 505,724	\$ 449,225
Interest	1,198,600	1,379,916	1,452,953
Differences between expected and actual experience	160,144	(1,602,792)	(495,206)
Changes in assumptions	1,305,881	1,444,105	(664,507)
Benefit payments, including refunds of member contributions	(484,233)	(554,152)	(812,986)
Net change in total pension liability	2,625,195	1,172,801	(70,521)
Total pension liability - beginning	17,364,970	19,990,165	21,162,966
TOTAL PENSION LIABILITY - ENDING	\$ 19,990,165	\$ 21,162,966	\$ 21,092,445
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 684,444	\$ 692,803	\$ 718,995
Contributions - member	190,771	196,573	166,723
Net investment income	973,307	(395,122)	1,325,602
Benefit payments, including refunds of member contributions	(484,233)	(554,151)	(812,986)
Administrative expense	(20,772)	(30,603)	(38,672)
Net change in plan fiduciary net position	1,343,517	(90,500)	1,359,662
Plan fiduciary net position - beginning	12,738,388	14,081,905	13,991,405
PLAN FIDUCIARY NET POSITION - ENDING	\$ 14,081,905	\$ 13,991,405	\$ 15,351,067
EMPLOYER'S NET PENSION LIABILITY	\$ 5,908,260	\$ 7,171,561	\$ 5,741,378
Plan fiduciary net position as a percentage of the total pension liability	70.44%	66.11%	72.78%
Covered-employee payroll	\$ 2,017,470	\$ 1,740,188	\$ 1,711,427
Employer's net pension liability as a percentage of covered-employee payroll	292.76%	412.11%	335.47%

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates. The mortality rates, disability rates, turnover rates and retirement rates have been changed to the new rates most recently published by the Illinois Department of Insurance (September 2012).

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Two Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016
TOTAL PENSION LIABILITY		
Service cost	\$ 372,886	\$ 404,760
Interest	1,083,145	1,178,635
Differences between expected and actual experience	407,982	(127,660)
Changes in assumptions	20,903	(21,291)
Benefit payments, including refunds of member contributions	(527,684)	(685,657)
Net change in total pension liability	1,357,232	748,787
Total pension liability - beginning	14,519,330	15,876,562
TOTAL PENSION LIABILITY - ENDING	\$ 15,876,562	\$ 16,625,349
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 401,722	\$ 362,209
Contributions - member	169,778	152,436
Net investment income	72,277	953,436
Benefit payments, including refunds of member contributions	(527,684)	(685,657)
Administrative expense	(276,527)	180,704
Net change in plan fiduciary net position	(160,434)	963,128
Plan fiduciary net position - beginning	14,433,541	14,273,107
PLAN FIDUCIARY NET POSITION - ENDING	\$ 14,273,107	\$ 15,236,235
EMPLOYER'S NET PENSION LIABILITY	\$ 1,603,455	\$ 1,389,114
Plan fiduciary net position as a percentage of the total pension liability	89.90%	91.64%
Covered-employee payroll	\$ 3,784,712	\$ 3,387,465
Employer's net pension liability as a percentage of covered-employee payroll	42.37%	41.01%

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates. The mortality rates, disability rates, turnover rates and retirement rates have been changed to the new rates most recently published by the Illinois Department of Insurance (September 2012). Information presented as of December 31, 2016.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	7.60%	(2.75%)	9.40%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2017

1. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, Enterprise and Police Pension Trust Funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the department level. All annual appropriations lapse at fiscal year end.

Budgeted expenditures are controlled at the departmental level with the Village Administrator's oversight. All transfers and any revision that changes the total expenditures not contemplated of any fund must be approved by the Village Board. All budget amendments must be approved by the Village Board.

2. EXPENDITURES OVER BUDGET OF INDIVIDUAL DEPARTMENTS

The following funds/departments had expenditures that exceeded budget:

<u>Fund</u>	<u>Department</u>	<u>Budget</u>	<u>Expenditures</u>
General	Administration	\$ 1,432,155	\$ 1,471,353
General	Fire Department	1,405,083	1,412,115
General	Capital Outlay	1,314,250	1,363,569
Police Pension	N/A	855,184	879,192

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

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED REVENUES -
BUDGET AND ACTUAL
GENERAL FUND

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
General	\$ 1,807,565	\$ 1,808,490	\$ 1,830,192	\$ 21,702
IMRF	128,896	128,896	130,786	1,890
Insurance	358,492	358,492	363,272	4,780
Fire protection	1,218,470	1,210,000	1,206,683	(3,317)
Utility tax - electricity	424,725	424,725	425,600	875
Utility tax - natural gas	91,217	91,217	111,013	19,796
Utility tax - telephone	205,781	189,305	190,631	1,326
Use tax	247,620	247,620	260,379	12,759
Hotel/motel taxes	4,750	4,750	5,182	432
Road and bridge taxes	133,931	133,931	132,663	(1,268)
Rental car taxes	30	70	186	116
Places for eating taxes	395,000	395,000	426,760	31,760
Video gaming proceeds	240,000	280,000	301,636	21,636
Total taxes	5,256,477	5,272,496	5,384,983	112,487
Intergovernmental revenues				
Income taxes	1,074,774	1,080,042	999,978	(80,064)
Personal property replacement tax	62,799	51,868	71,731	19,863
Personal property replacement tax - Antioch	74	-	-	-
Personal property replacement tax - Grant	1,599	-	-	-
Sales taxes	3,009,000	2,923,100	3,010,006	86,906
Total intergovernmental revenues	4,148,246	4,055,010	4,081,715	26,705
Franchise fees	130,000	145,000	157,638	12,638
Building and zoning fees				
Building permits	115,000	115,000	164,717	49,717
Zoning/public hearing fees	-	-	-	-
Zoning permits	5,000	500	347	(153)
Impact fees	50,000	50,000	42,000	(8,000)
Total building and zoning fees	170,000	165,500	207,064	41,564
Licenses and fees				
Vehicle stickers	156,000	115,000	117,408	2,408
Licenses - animals	1,000	3,050	3,350	300
Licenses - liquor	36,400	44,558	50,716	6,158
Licenses - business	24,000	24,000	26,441	2,441
Total licenses and fees	217,400	186,608	197,915	11,307

(This schedule is continued on the following pages.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED REVENUES -
BUDGET AND ACTUAL (Continued)
GENERAL FUND

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)				
Park and recreation fees				
Program fees	\$ 80,000	\$ 50,000	\$ 53,332	\$ 3,332
Donations - parks	100	1,700	15,538	13,838
Pace fees	1,600	2,494	3,813	1,319
	<u>81,700</u>	<u>54,194</u>	<u>72,683</u>	<u>18,489</u>
Public safety fines and fees				
Court fines	240,000	240,000	345,452	105,452
Court fines - DUI	3,600	3,600	5,645	2,045
Ordinance and parking fines	72,000	95,000	114,900	19,900
	<u>315,600</u>	<u>338,600</u>	<u>465,997</u>	<u>127,397</u>
Public safety special revenue				
Forfeitures - seized assets	-	-	4,240	4,240
Police revenue - abandoned property	-	500	411	(89)
Police revenue - SRO	61,260	60,000	90,000	30,000
Police revenue - gaming tax	1,700	1,700	1,981	281
Police revenue - reports	1,500	1,500	1,836	336
	<u>64,460</u>	<u>63,700</u>	<u>98,468</u>	<u>34,768</u>
Reimbursable income				
Admin reimbursable fees	-	-	-	-
Engineering reimbursable fees	25,000	22,000	32,852	10,852
Attorney reimbursable fees	5,000	2,000	4,755	2,755
Motor pool reimbursable expense	123,800	75,000	94,782	19,782
Fire department reimbursable expense	72,000	30,000	43,982	13,982
Insurance reimbursable	-	13,814	52,122	38,308
Public safety reimbursable expense	2,000	10,000	16,821	6,821
Streets reimbursable expense	-	-	-	-
Worker's compensation reimbursable expense	-	-	1,046	1,046
Building/zoning reimbursable expense	4,408	20,000	20,000	-
Employee/elected official reimbursable expense	500	2,000	3,473	1,473
	<u>232,708</u>	<u>174,814</u>	<u>269,833</u>	<u>95,019</u>
Grant revenue				
Grant revenue	30,000	30,000	12,067	(17,933)
Grant revenue - traffic	-	-	2,428	2,428
Grant revenue - vest	-	-	3,608	3,608
Grant revenue - tobacco	-	4,950	-	(4,950)
Grant revenue - parks	-	400,000	4,950	(395,050)
	<u>30,000</u>	<u>434,950</u>	<u>23,053</u>	<u>(411,897)</u>

(This schedule is continued on the following page.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED REVENUES -
BUDGET AND ACTUAL (Continued)
GENERAL FUND

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)				
Garbage revenues				
Garbage fees	\$ 929,060	\$ 929,060	\$ 945,899	\$ 16,839
Garbage penalties	16,800	16,800	17,388	588
Recycling rebate	-	1,000	3,150	2,150
Total garbage revenues	945,860	946,860	966,437	19,577
Contractual revenue				
Rental income	98,987	98,987	101,093	2,106
Rental income - gun range	400	400	-	(400)
Rental income 911 center	11,400	12,588	11,400	(1,188)
Externality fee	199,206	222,683	225,508	2,825
Alarm royalty fees	-	-	-	-
Total contractual revenue	309,993	334,658	338,001	3,343
Other revenue				
Interest income	6,000	22,000	33,944	11,944
Mayor's run	4,500	4,500	3,088	(1,412)
Donations	-	34,150	34,150	-
Shop with a cop	-	500	500	-
Sale-fixed assets	16,200	16,200	7,151	(9,049)
Interfund service charges	1,366,571	844,975	-	(844,975)
Other revenue	-	6,211	4,919	(1,292)
Total other revenue	1,393,271	928,536	83,752	(844,784)
TOTAL REVENUES	\$ 13,295,715	\$ 13,100,926	\$ 12,347,539	\$ (753,387)

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES -
BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT				
Expenditures				
Current				
General government				
Administration				
Wages	\$ 464,865	\$ 451,672	\$ 449,796	\$ (1,876)
Wages - elected officials	48,600	48,600	47,300	(1,300)
Wages - part-time	-	-	-	-
Overtime	1,800	600	494	(106)
Health insurance	71,701	80,799	79,044	(1,755)
Life insurance	316	410	365	(45)
Social Security and Medicare	34,660	32,877	35,696	2,819
IMRF	48,353	45,353	42,457	(2,896)
Building maintenance	20,000	20,000	17,212	(2,788)
Professional services	125,000	125,000	82,379	(42,621)
Audit services	9,504	9,504	8,170	(1,334)
Payroll service fees	9,734	9,734	7,408	(2,326)
Engineering services	-	-	493	493
Legal services	150,000	150,000	68,980	(81,020)
Labor attorney	95,000	50,000	5,020	(44,980)
Technology	45,000	45,000	29,875	(15,125)
Postage	20,600	20,600	12,933	(7,667)
Photocopy	6,200	6,200	8,802	2,602
Printing	21,700	21,700	18,662	(3,038)
Recording fees	5,000	5,000	-	(5,000)
Publishing	7,000	7,000	4,874	(2,126)
Memberships	13,135	13,135	12,625	(510)
Travel	3,200	4,000	4,300	300
Training	7,650	6,850	4,990	(1,860)
Tuition reimbursement	1,500	1,500	874	(626)
Utilities	11,000	11,000	11,862	862
Credit card and bank charges	7,200	7,200	8,747	1,547
Building incentives	7,500	7,500	50,762	43,262
Building maintenance supplies	1,500	1,500	269	(1,231)
Office supplies	4,800	4,800	3,242	(1,558)
Operating supplies	6,000	6,000	2,703	(3,297)
Fuel	440	440	271	(169)
Software	8,000	8,000	7,687	(313)
Special events	2,500	1,500	1,230	(270)
Refunds	1,500	1,500	445	(1,055)
Employee recognition	2,000	2,000	1,310	(690)
Miscellaneous expense	1,000	2,000	5,187	3,187
Externality fee refund - RLB	-	19,246	19,009	(237)
Externality fee refund - Lake	-	203,935	846,161	642,226
Allocated expense	-	-	(430,281)	(430,281)
Total administration	1,263,958	1,432,155	1,471,353	39,198

(This schedule is continued on the following pages.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES -
BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)				
Expenditures (Continued)				
Current (Continued)				
General government (Continued)				
Insurance				
Liability and workers' compensation insurance	\$ 242,249	\$ 200,000	\$ 196,966	\$ (3,034)
Insurance deductible expense	150,000	150,000	74,295	(75,705)
Total insurance	392,249	350,000	271,261	(78,739)
Total general government	1,656,207	1,782,155	1,742,614	(39,541)
PUBLIC SAFETY				
Expenditures				
Current				
Police department				
Wages - administration	543,257	543,481	539,075	(4,406)
Wages - part-time	129,666	129,666	98,290	(31,376)
Wages - sworn officers	1,753,248	1,626,658	1,589,060	(37,598)
Overtime	135,000	312,914	263,507	(49,407)
Health insurance	502,079	473,096	353,497	(119,599)
Life insurance	1,982	1,896	1,737	(159)
Unemployment insurance	-	-	7,197	7,197
Social Security and Medicare	65,060	65,616	61,704	(3,912)
IMRF	12,103	9,990	10,235	245
Police pension - taxes	489,609	493,037	502,547	9,510
Police pension - Village portion	216,448	216,448	216,448	-
Building maintenance	71,625	71,625	26,343	(45,282)
Equipment maintenance	30,750	30,750	33,466	2,716
Vehicle maintenance	4,000	4,000	4,245	245
Professional services	126,050	138,050	115,182	(22,868)
Legal services	235,000	235,000	209,041	(25,959)
Dispatching	604,782	604,782	498,941	(105,841)
Prisoner meals	500	500	-	(500)
Animal care and control	1,500	500	280	(220)
Technology	56,195	56,195	21,809	(34,386)
Postage	500	4,000	3,973	(27)
Printing	3,000	3,000	2,596	(404)
Memberships	2,280	2,780	5,587	2,807
Travel	600	600	790	190
Training	33,000	33,000	23,107	(9,893)
Utilities	20,000	20,000	21,161	1,161
Equipment rental	38,500	-	-	-
Office supplies	6,900	10,035	10,187	152
Operating supplies	53,195	21,195	12,462	(8,733)
Community relations	2,000	2,000	898	(1,102)
Uniforms	15,000	34,000	29,866	(4,134)
Fuel	60,500	45,375	41,896	(3,479)

(This schedule is continued on the following pages.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES -
BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)				
Expenditures (Continued)				
Current (Continued)				
Police department (Continued)				
Employee recognition	\$ 1,500	\$ 500	\$ -	\$ (500)
Shop with a cop	6,000	3,200	3,124	(76)
DUI expense	2,000	50,000	-	(50,000)
Investigation expense	2,000	2,000	-	(2,000)
Narcotics expense	2,000	2,000	-	(2,000)
Seized asset expense	2,000	2,000	-	(2,000)
Allocated expense	-	-	(160,498)	(160,498)
	<hr/>			
Total police department	5,229,829	5,249,889	4,547,753	(702,136)
	<hr/>			
Fire department				
Fire department billable expenses	95,000	53,000	63,349	10,349
Real estate tax distribution	1,218,470	1,210,000	1,206,683	(3,317)
Fire department contribution	210,000	142,083	142,083	-
	<hr/>			
Total fire department	1,523,470	1,405,083	1,412,115	7,032
	<hr/>			
Total public safety	6,753,299	6,654,972	5,959,868	(695,104)
	<hr/>			
PUBLIC WORKS				
Expenditures				
Current				
Streets				
Wages	465,278	433,118	421,593	(11,525)
Wages - part-time	16,500	15,621	6,755	(8,866)
Overtime	25,000	25,000	9,557	(15,443)
Health insurance	101,495	87,876	83,078	(4,798)
Life insurance	603	626	590	(36)
Social Security and Medicare	36,873	34,165	32,108	(2,057)
IMRF	50,630	46,344	54,459	8,115
Building maintenance	40,000	8,000	1,857	(6,143)
Equipment maintenance	650	650	-	(650)
Street maintenance	31,500	15,000	19,046	4,046
Professional services	20,800	20,800	15,222	(5,578)
Engineering services	40,000	20,000	17,909	(2,091)
Technology	1,000	1,000	820	(180)
Postage	100	100	-	(100)
Memberships	650	650	-	(650)
Training	1,800	800	340	(460)
Utilities	10,500	7,500	8,141	641
Electricity charges	90,000	90,000	102,466	12,466
Rentals	3,500	-	-	-
Building maintenance supplies	35,500	4,000	315	(3,685)
Equipment maintenance supplies	5,000	2,500	3,306	806

(This schedule is continued on the following pages.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES -
BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)				
Expenditures (Continued)				
Current (Continued)				
Streets (Continued)				
Office supplies	\$ 1,000	\$ 1,000	\$ 276	\$ (724)
Operating supplies	41,000	41,000	51,666	10,666
Small tools	6,000	5,000	3,127	(1,873)
Uniforms	5,180	5,180	3,004	(2,176)
Stone and concrete	10,000	-	-	-
Sign program	2,500	-	783	783
Fuel	41,560	30,000	19,987	(10,013)
Employee recognition	750	500	16	(484)
Allocated expense	-	-	(233,131)	(233,131)
Total streets	1,085,369	896,430	623,290	(273,140)
Motor pool				
Wages	242,059	242,130	242,225	95
Overtime	2,500	5,250	2,507	(2,743)
Health insurance	69,274	63,874	62,584	(1,290)
Life insurance	268	302	290	(12)
Social Security and Medicare	18,509	18,476	17,758	(718)
IMRF	24,975	24,676	24,217	(459)
Building maintenance	2,500	2,500	600	(1,900)
Professional services	800	800	415	(385)
Motor pool reimbursable expense	7,820	7,820	5,496	(2,324)
Technology	1,000	1,000	1,271	271
Memberships	500	500	676	176
Training	2,000	2,000	1,140	(860)
Utilities	900	900	916	16
Building maintenance supplies	1,750	1,750	1,945	195
Office supplies	700	700	298	(402)
Operating supplies	144,935	114,935	100,375	(14,560)
Small tools	21,866	5,866	7,168	1,302
Uniforms	2,898	2,898	2,033	(865)
Fuel	1,984	1,984	1,642	(342)
Employee recognition	200	200	-	(200)
Total motor pool	547,438	498,561	473,556	(25,005)
Garbage				
Postage	1,000	1,000	948	(52)
Refunds	-	-	34	34
Garbage disposal	918,103	918,103	913,397	(4,706)
Total garbage	919,103	919,103	914,379	(4,724)
Total public works	2,551,910	2,314,094	2,011,225	(302,869)

(This schedule is continued on the following pages.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES -
BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
PARKS AND RECREATION				
Expenditures				
Current				
Parks and recreation				
Wages	\$ 51,250	\$ 44,285	\$ 42,693	\$ (1,592)
Wages - part-time	22,150	31,030	27,067	(3,963)
Overtime	-	-	334	334
Health insurance	1,500	7,412	3,700	(3,712)
Life insurance	67	70	26	(44)
Social Security and Medicare	5,615	5,717	5,206	(511)
IMRF	5,669	4,541	4,131	(410)
Building maintenance	15,650	10,000	11,321	1,321
Professional services	31,400	31,400	29,613	(1,787)
Legal services	-	-	-	-
Technology	1,000	1,000	107	(893)
Postage	4,000	2,500	1,798	(702)
Printing	7,250	4,750	2,692	(2,058)
Advertising	5,500	2,750	1,042	(1,708)
Memberships	1,500	1,500	950	(550)
Travel	1,500	-	-	-
Training	1,500	-	-	-
Tuition	500	-	-	-
Utilities	7,000	7,000	6,227	(773)
Pace program - rental fee	1,800	1,300	1,424	124
Building maintenance supplies	6,000	8,000	7,351	(649)
Office supplies	4,000	1,000	504	(496)
Operating supplies	500	16,000	14,514	(1,486)
Fuel	1,650	1,650	1,227	(423)
Employee recognition	100	100	-	(100)
Refunds	2,300	1,500	657	(843)
Special events	43,000	65,000	65,448	448
Contributions to organizations	-	100	95	(5)
Programs	132,450	90,000	86,732	(3,268)
Total parks and recreation	354,851	338,605	314,859	(23,746)
COMMUNITY DEVELOPMENT				
Expenditures				
Current				
Community development				
Wages	212,507	169,414	168,465	(949)
Wages - part-time	34,780	33,150	20,972	(12,178)
Overtime	-	-	857	857
Health insurance	76,846	53,309	51,454	(1,855)
Life insurance	268	308	223	(85)
Social Security and Medicare	18,917	15,028	13,309	(1,719)
IMRF	22,896	18,298	18,886	588
Equipment maintenance	1,500	1,500	711	(789)

(This schedule is continued on the following pages.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES -
BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
COMMUNITY DEVELOPMENT (Continued)				
Expenditures (Continued)				
Current (Continued)				
Community development (Continued)				
Professional services	\$ 48,000	\$ 28,000	\$ 35,369	\$ 7,369
Engineering services	10,000	10,000	4,484	(5,516)
Billable engineering fees	22,000	15,000	11,304	(3,696)
Billable building and zoning expense	4,408	4,408	4,386	(22)
Legal services	-	2,000	2,868	868
Billable attorney fees	5,000	5,000	4,094	(906)
Technology	5,000	5,000	4,186	(814)
Postage	1,250	500	518	18
Printing	2,500	2,500	1,344	(1,156)
Publishing	1,500	1,000	115	(885)
Memberships	2,000	2,000	1,936	(64)
Travel	500	500	62	(438)
Training	3,000	3,000	613	(2,387)
Utilities	2,520	2,520	2,410	(110)
Office supplies	2,500	2,500	2,224	(276)
Community programs	70,000	40,000	18,774	(21,226)
Uniforms	250	250	253	3
Signs	15,000	1,200	455	(745)
Refunds	100	100	80	(20)
Fuel	2,000	1,400	1,201	(199)
Employee recognition	150	150	-	(150)
Total community development	565,392	418,035	371,553	(46,482)
GRANT EXPENSE				
Police tobacco	300	300	-	(300)
Total grant expense	300	300	-	(300)
CAPITAL OUTLAY				
Expenditures				
Current				
Capital outlay	-	600,000	825,831	225,831
Capital outlay - motor pool	-	-	-	-
Capital outlay - public safety	280,000	245,000	262,569	17,569
Capital outlay - building and zoning	16,250	16,250	15,892	(358)
Capital outlay - streets	453,000	453,000	259,277	(193,723)
Total capital outlay	749,250	1,314,250	1,363,569	49,319

(This schedule is continued on the following page.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES -
BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
DEBT SERVICE				
Expenditures				
Current				
Principal	\$ 370,595	\$ 370,595	\$ 370,596	\$ 1
Interest	149,612	149,612	130,702	(18,910)
Total debt service	<u>520,207</u>	<u>520,207</u>	<u>501,298</u>	<u>(18,909)</u>
TOTAL EXPENDITURES	<u>\$ 13,151,416</u>	<u>\$ 13,342,618</u>	<u>\$ 12,264,986</u>	<u>\$ (1,077,332)</u>

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2017

	<u>Special Revenue</u>		
	<u>Tax Increment Financing</u>	<u>Motor Fuel Tax</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 336,041	\$ 1,112,399	\$ 1,448,440
Receivables, net			
Property taxes	44,247	-	44,247
Intergovernmental	-	23,162	23,162
Inventories	-	23,035	23,035
TOTAL ASSETS	\$ 380,288	\$ 1,158,596	\$ 1,538,884
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 55	\$ 9,270	\$ 9,325
Total liabilities	55	9,270	9,325
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	44,247	-	44,247
Total deferred inflows of resources	44,247	-	44,247
Total liabilities and deferred inflows of resources	44,302	9,270	53,572
FUND BALANCES			
Nonspendable for inventory	-	23,035	23,035
Restricted for economic development	335,986	-	335,986
Restricted for maintenance of roadways	-	1,126,291	1,126,291
Total fund balances	335,986	1,149,326	1,485,312
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 380,288	\$ 1,158,596	\$ 1,538,884

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2017

	Special Revenue		Total
	Tax Increment Financing	Motor Fuel Tax	
REVENUES			
Taxes	\$ 37,007	\$ -	\$ 37,007
Intergovernmental	-	278,576	278,576
Investment income	1,908	2,844	4,752
Total revenues	38,915	281,420	320,335
EXPENDITURES			
Current			
Public works	-	116,373	116,373
Economic development	2,995	-	2,995
Capital outlay	-	30,415	30,415
Total expenditures	2,995	146,788	149,783
NET CHANGE IN FUND BALANCES	35,920	134,632	170,552
FUND BALANCES, MAY 1	300,066	1,014,694	1,314,760
FUND BALANCES, APRIL 30	\$ 335,986	\$ 1,149,326	\$ 1,485,312

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 36,327	\$ 22,500	\$ 37,007	\$ 14,507
Investment income	-	-	1,908	1,908
Total revenues	<u>36,327</u>	<u>22,500</u>	<u>38,915</u>	<u>16,415</u>
EXPENDITURES				
Current				
Community development	<u>22,808</u>	<u>22,808</u>	<u>2,995</u>	<u>(19,813)</u>
Total expenditures	<u>22,808</u>	<u>22,808</u>	<u>2,995</u>	<u>(19,813)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 13,519</u>	<u>\$ (308)</u>	35,920	<u>\$ 36,228</u>
FUND BALANCE, MAY 1			<u>300,066</u>	
FUND BALANCE, APRIL 30			<u><u>\$ 335,986</u></u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Allotments earned	\$ 273,996	\$ 273,996	\$ 278,576	\$ 4,580
Investment income	-	-	2,844	2,844
Total revenues	<u>273,996</u>	<u>273,996</u>	<u>281,420</u>	<u>7,424</u>
EXPENDITURES				
Current				
Public works				
Public works	335,000	355,000	116,373	(238,627)
Capital outlay	150,000	150,000	30,415	(119,585)
Total expenditures	<u>485,000</u>	<u>505,000</u>	<u>146,788</u>	<u>(358,212)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (211,004)</u>	<u>\$ (231,004)</u>	134,632	<u>\$ 365,636</u>
FUND BALANCE, MAY 1			<u>1,014,694</u>	
FUND BALANCE, APRIL 30			<u><u>\$ 1,149,326</u></u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Water sales	\$ 3,867,707	\$ 3,867,707	\$ 3,865,055	\$ (2,652)
Tap-on fees	56,000	106,000	140,263	34,263
Miscellaneous	180,590	180,840	125,426	(55,414)
Total operating revenues	<u>4,104,297</u>	<u>4,154,547</u>	<u>4,130,744</u>	<u>(23,803)</u>
OPERATING EXPENSES				
Personnel services	769,519	732,407	708,038	(24,369)
Contractual services/commodities	1,489,556	1,382,083	1,153,230	(228,853)
Depreciation	794,300	801,152	722,373	(78,779)
Total operating expenses	<u>3,053,375</u>	<u>2,915,642</u>	<u>2,583,641</u>	<u>(332,001)</u>
OPERATING INCOME	<u>1,050,922</u>	<u>1,238,905</u>	<u>1,547,103</u>	<u>308,198</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	2,600	7,000	14,031	7,031
Proceeds from IEPA loan	3,000,000	1,300,000	1,279,514	(20,486)
Interest expense	(116,441)	(116,441)	(124,739)	(8,298)
Principal expense	(518,217)	(518,217)	(518,217)	-
Total non-operating revenues (expenses)	<u>2,367,942</u>	<u>672,342</u>	<u>650,589</u>	<u>(21,753)</u>
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	<u>3,418,864</u>	<u>1,911,247</u>	<u>2,197,692</u>	<u>286,445</u>
Transfers in	-	-	-	-
Capital contributions	-	-	86,250	86,250
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ 3,418,864</u>	<u>\$ 1,911,247</u>	<u>2,283,942</u>	<u>\$ 372,695</u>
ADJUSTMENTS TO GAAP BASIS				
Proceeds from IEPA loan			(1,279,514)	
Principal expense			518,217	
Total adjustments to GAAP basis			<u>(761,297)</u>	
CHANGE IN NET POSITION GAAP BASIS			1,522,645	
NET POSITION, MAY 1			<u>15,055,997</u>	
NET POSITION, APRIL 30			<u>\$ 16,578,642</u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
NORTHWEST WATER RECLAMATION DISTRICT

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Sewer charges	\$ 4,792,500	\$ 5,031,435	\$ 4,837,630	\$ (193,805)
Tap-on fees	165,000	96,000	110,800	14,800
Miscellaneous	-	-	258	258
Total operating revenues	4,957,500	5,127,435	4,948,688	(178,747)
OPERATING EXPENSES				
Personnel services	1,602,137	1,421,132	1,338,590	(82,542)
Contractual services/commodities	3,275,105	2,535,374	2,371,938	(163,436)
Depreciation	1,944,146	1,944,146	1,846,717	(97,429)
Total operating expenses	6,821,388	5,900,652	5,557,245	(343,407)
OPERATING INCOME (LOSS)	(1,863,888)	(773,217)	(608,557)	164,660
NON-OPERATING REVENUES (EXPENSES)				
Investment income	12,000	25,000	50,602	25,602
Total non-operating revenues (expenses)	12,000	25,000	50,602	25,602
INCOME (LOSS) BEFORE SPECIAL ITEMS	(1,851,888)	(748,217)	(557,955)	190,262
SPECIAL ITEMS				
Special item	-	-	846,161	846,161
Total special items	-	-	846,161	846,161
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ (1,851,888)</u>	<u>\$ (748,217)</u>	288,206	<u>\$ 1,036,423</u>
NET POSITION, MAY 1			<u>50,685,636</u>	
NET POSITION, APRIL 30			<u><u>\$ 50,973,842</u></u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
911 DISPATCH SERVICES FUND

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
911 fees	\$ 97,500	\$ 98,568	\$ 110,379	\$ 11,811
Fees for services	990,782	985,672	940,590	(45,082)
Total operating revenues	1,088,282	1,084,240	1,050,969	(33,271)
OPERATING EXPENSES				
Personnel services	818,604	917,141	870,861	(46,280)
Contractual services/commodities	167,979	175,467	135,286	(40,181)
Depreciation	95,000	53,779	46,006	(7,773)
Total operating expenses	1,081,583	1,146,387	1,052,153	(94,234)
OPERATING INCOME (LOSS)	6,699	(62,147)	(1,184)	60,963
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	250	651	401
Bond premium	-	200		(200)
Interest expense	(1,194)	(1,194)	(898)	296
Principal expense	(5,505)	(5,505)	(5,506)	(1)
Total non-operating revenues (expenses)	(6,699)	(6,249)	(5,753)	496
INCOME (LOSS) BEFORE TRANSFERS	-	(68,396)	(6,937)	61,459
TRANSFERS				
Transfers in	-	-	-	-
Total transfers	-	-	-	-
CHANGE IN NET POSITION (BUDGETARY BASIS)	\$ -	\$ (68,396)	(6,937)	\$ 61,459
ADJUSTMENTS TO GAAP BASIS				
Principal expense			5,506	
Total adjustments to GAAP basis			5,506	
CHANGE IN NET POSITION GAAP BASIS			(1,431)	
NET POSITION (DEFICIT), MAY 1			(43,805)	
NET POSITION (DEFICIT), APRIL 30			\$ (45,236)	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
OPERATING REVENUES				
Parking fees	\$ 120,000	\$ 110,000	\$ 110,659	\$ 659
Total operating revenues	<u>120,000</u>	<u>110,000</u>	<u>110,659</u>	<u>659</u>
OPERATING EXPENSES				
Personnel services	30,020	30,129	30,381	252
Contractual services/commodities	73,502	87,540	54,048	(33,492)
Depreciation	9,400	9,400	5,036	(4,364)
Total operating expenses	<u>112,922</u>	<u>127,069</u>	<u>89,465</u>	<u>(37,604)</u>
OPERATING INCOME (LOSS)	<u>7,078</u>	<u>(17,069)</u>	<u>21,194</u>	<u>38,263</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	45	148	103
Total non-operating revenues (expenses)	<u>-</u>	<u>45</u>	<u>148</u>	<u>103</u>
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ 7,078</u>	<u>\$ (17,024)</u>	21,342	<u>\$ 38,366</u>
NET POSITION, MAY 1			<u>272,947</u>	
NET POSITION, APRIL 30			<u>\$ 294,289</u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF CHANGES IN PLAN NET POSITION -
BUDGET AND ACTUAL
POLICE PENSION FUND

April 30, 2017

	Original Budget	Final Budget	Actual	Variance Over (Under)
ADDITIONS				
Contributions				
Employer contributions	\$ 706,057	\$ 709,484	\$ 718,995	\$ 9,511
Plan members contributions	173,747	145,166	166,723	21,557
Total contributions	879,804	854,650	885,718	31,068
Investment income				
Net appreciation in fair value of investments	-	-	1,015,672	1,015,672
Investment income	-	-	337,463	337,463
Total investment income	-	-	1,353,135	1,353,135
Less investment expense	(22,000)	(22,000)	(27,534)	(5,534)
Net investment income	(22,000)	(22,000)	1,325,601	1,347,601
Total additions	857,804	832,650	2,211,319	1,378,669
DEDUCTIONS				
Pension benefits and refunds	713,112	801,584	812,986	11,402
Administration				
Fees	31,600	31,600	38,672	7,072
Total deductions	744,712	833,184	851,658	18,474
NET INCREASE (DECREASE)	\$ 113,092	\$ (534)	1,359,661	\$ 1,360,195
NET POSITION RESTRICTED FOR PENSION BENEFITS				
May 1			13,991,406	
April 30			\$ 15,351,067	

(See independent auditor's report.)