

# Village of Fox Lake, Illinois

## Annual Financial Report

Year End April 30, 2018



Prepared By:  
The Finance Department

**VILLAGE OF FOX LAKE, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

For the Year Ended  
April 30, 2018

Prepared by the Finance Department

Julie McManus, Finance Director

**VILLAGE OF FOX LAKE, ILLINOIS**  
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**INDEPENDENT AUDITOR'S REPORT**

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## 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note 12, the Village adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which changed how the Village established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses for OPEB liabilities; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to this matter.

## **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  
November 14, 2018

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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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 and its ability to address the next and subsequent year challenges, (4) identify any material deviations from the financial plan, and (5) identify individual fund issues or concerns at and for the year ended April 30, 2018. 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, public works, parks and recreation and economic development. The business-type activities include the Water and Sewer, Wastewater 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, 2018**

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### **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 five individual governmental funds: General Fund, Motor Fuel Tax Fund, South Business Development District Fund, Central Business Development District 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 data for the funds other than the General Fund is combined into a single column labeled "nonmajor governmental funds." *Individual fund data for these nonmajor governmental funds is presented in the "Combining and Individual Fund Financial Statements and Schedules" section later in 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. 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 15 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 begin on page 17 of this report.*

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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*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 53 of this report.*

*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, 2018 was \$101,064,067, which represents an increase of \$4,197,493 as compared to April 30, 2017. The Village's net position from governmental activities increased by \$1,535,330 and net position from business-type activities increased by \$2,662,163 based upon FY2018 balances. Table 1 below presents a summary of governmental and business-type net position as of April 30, 2018 compared to April 30, 2017. *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, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 16,670,971	\$ 14,734,569	\$ 20,101,264	\$ 16,114,214	\$ 36,772,235	\$ 30,848,783
Capital assets	29,869,957	29,594,188	57,974,494	58,876,719	87,844,451	88,470,907
<b>Total Assets</b>	<b>46,540,928</b>	<b>44,328,757</b>	<b>78,075,758</b>	<b>74,990,933</b>	<b>124,616,686</b>	<b>119,319,690</b>
<b>Deferred outflows of resources</b>						
	1,509,387	1,193,938	212,310	619,517	1,721,697	1,813,455
<b>Liabilities</b>						
Current liabilities	1,566,331	2,001,072	569,444	1,224,208	2,135,775	3,225,280
Noncurrent liabilities	11,177,555	10,665,437	6,510,359	6,582,118	17,687,914	17,247,555
<b>Total Liabilities</b>	<b>12,743,886</b>	<b>12,666,509</b>	<b>7,079,803</b>	<b>7,806,326</b>	<b>19,823,689</b>	<b>20,472,835</b>
<b>Deferred inflows of resources</b>						
	4,706,061	3,791,149	744,565	2,587	5,450,626	3,793,736
<b>Net Position</b>						
Net investment in capital assets	26,521,493	25,883,457	52,439,150	53,309,911	78,960,643	79,193,368
Restricted net position	3,189,208	2,993,250	-	-	3,189,208	2,993,250
Unrestricted net position	889,666	188,330	18,024,550	14,491,626	18,914,216	14,679,956
<b>Total Net Position</b>	<b>\$ 30,600,367</b>	<b>\$ 29,065,037</b>	<b>\$ 70,463,700</b>	<b>\$ 67,801,537</b>	<b>\$ 101,064,067</b>	<b>\$ 96,866,574</b>

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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**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.

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 2018, governmental activities net position totaled \$30,600,367 reflecting an increase of \$1,535,330 over the prior fiscal year. Governmental activities total assets and deferred outflows increased \$2,527,619 and governmental activities total liabilities and deferred inflows increased \$992,289.

The \$2.5M increase in total assets and deferred outflows resulted from a \$1.7M increase in non-pension current and other assets, an increase of \$275K in capital assets, and an increase in pension related assets and deferred outflows of \$536K. The increase in non-pension current and other assets reflects an increase in cash related to cost saving initiatives of \$675K, as well as the recording of an internal balance from the 911 Dispatch enterprise fund of \$494K to recognize long term amounts due from the fund. The increase in capital assets is related to the purchase of new equipment including a new snow plow and police vehicles, the completion of the Lake Front Park and Grounds renovation project, planning costs for significant road projects, and the purchase of three properties. Pension current asset and deferred outflow of resources were made in accordance with GASB 68.

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, and postponement of infrastructure improvements.

The \$992K increase in total liabilities and deferred inflows substantially resulted from a decrease of \$521K in current liabilities related to a decrease in accounts payable for the Lake Front Park renovations that existed in 2017, an increase in net pension liability for the police pension fund of \$326K mostly due to a change in the discount rate from 7% to 6.75% in the current actuarial study, the addition of a \$100K installment contract for the purchase of land, and an increase of \$830K in pension related deferred outflows adjustments related to GASB Statement No. 68.

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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*Business-Type Activities*

The business-type activities net position totaling \$70,463,700 increased by \$2,662,163. Business-type activities total assets increased by \$3,084,825, deferred outflows decreased by \$407,207, and total liabilities and deferred inflows increased by \$15,455. The increase in total assets includes a \$3,987,050 increase in current and other assets and a decrease of \$902,225 in capital assets. The majority of the increase in current assets occurred due to an increase in cash position due to a reduction in receivables, rate increases supporting an increase in reserves for future necessary infrastructure improvements, and the receipt of an atypical tap-in fee from one large business that will increase reserves for future infrastructure needs. Capital assets decreased by \$902K due to the fact that depreciation outpaced the spending on new capital assets, including planning for the project to interconnect the north and south sewer systems, upgraded dispatch equipment, and other replacement equipment. The decrease in total liabilities includes a \$654,764 decrease in current liabilities and a \$71,759 decrease in noncurrent liabilities. The decrease in current liabilities relates to the inclusion of large amounts due for the water tower project in 2017 that were paid in 2018. The change in non-current liabilities was the result of the addition of \$1M in debt related to the water system tower offset by a decrease in net pension liability of \$797K required by GASB 68 and normal payments for all outstanding debt during the year. Deferred inflows of resources increased by \$742K due to entries required by GASB 68 for pensions.

**Changes in Net Position**

The Village's combined change in net position for FY2018 was an increase of \$6,153,174. Business-type activities saw an increase in net position of \$3,467,889 and governmental activities saw an increase of \$2,685,285 since the beginning of fiscal year 2018. Additionally, the Village chose to implement GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Retirement, in 2018, which resulted in a decrease in net assets of \$1.1M and \$806K for the Government Activities and Business-Type Activities, respectively, in order to record the total liability associated with these benefits retroactively. The next table shows the condensed revenues and expenses of the Village's activities.

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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**Table 2: Comparative Changes in Net Position as of April 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 3,034,050	\$ 2,770,884	\$ 12,195,919	\$ 10,241,060	\$ 15,229,969	\$ 13,011,944
Operating and capital grants	1,078,260	301,629	-	86,250	1,078,260	387,879
General Revenues						
Property taxes	2,377,296	3,567,942	-	-	2,377,296	3,567,942
All other taxes	6,351,302	5,935,764	-	-	6,351,302	5,935,764
Other Revenues and Transfers	187,652	(34,738)	978,507	911,593	1,166,159	876,855
Total revenues	13,028,560	12,541,481	13,174,426	11,238,903	26,202,986	23,780,384
<b>Expenses</b>						
General government	1,153,095	1,808,351	-	-	1,153,095	1,808,351
Public safety	5,262,837	6,519,582	-	-	5,262,837	6,519,582
Public works	2,693,105	2,798,081	-	-	2,693,105	2,798,081
Parks & Recreation	663,833	332,729			663,833	332,729
Economic development	467,981	380,123			467,981	380,123
Interest	102,424	116,234	-	-	102,424	116,234
Water	-	-	2,600,599	2,708,380	2,600,599	2,708,380
Wastewater reclamation			5,820,405	5,557,245	5,820,405	5,557,245
911 Dispatch Service			1,175,873	1,053,051	1,175,873	1,053,051
Parking	-	-	109,660	89,465	109,660	89,465
Total expenses	10,343,275	11,955,100	9,706,537	9,408,141	20,049,812	21,363,241
Change in net position	2,685,285	586,381	3,467,889	1,830,762	6,153,174	2,417,143
Net Position - May 1	29,065,037	28,681,744	67,801,537	65,970,775	96,866,574	94,652,519
Prior period adjustment	(1,149,955)	(203,088)	(805,726)	-	(1,955,681)	(203,088)
Net Position, May 1, as restated	27,915,082	28,478,656	66,995,811	65,970,775	94,910,893	94,449,431
Net Position - April 30	\$ 30,600,367	\$ 29,065,037	\$ 70,463,700	\$ 67,801,537	\$ 101,064,067	\$ 96,866,574

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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**Normal Impacts on Revenues and Expenses**

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

**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 60.6% of the Village's General Fund operating costs and 29.9% of the business-type activities funds.

Salary increases (annual adjustments and merit) – The Village has three separate bargaining units representing approximately 50% of the employee population.

Inflation – While overall inflation has been relatively 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.

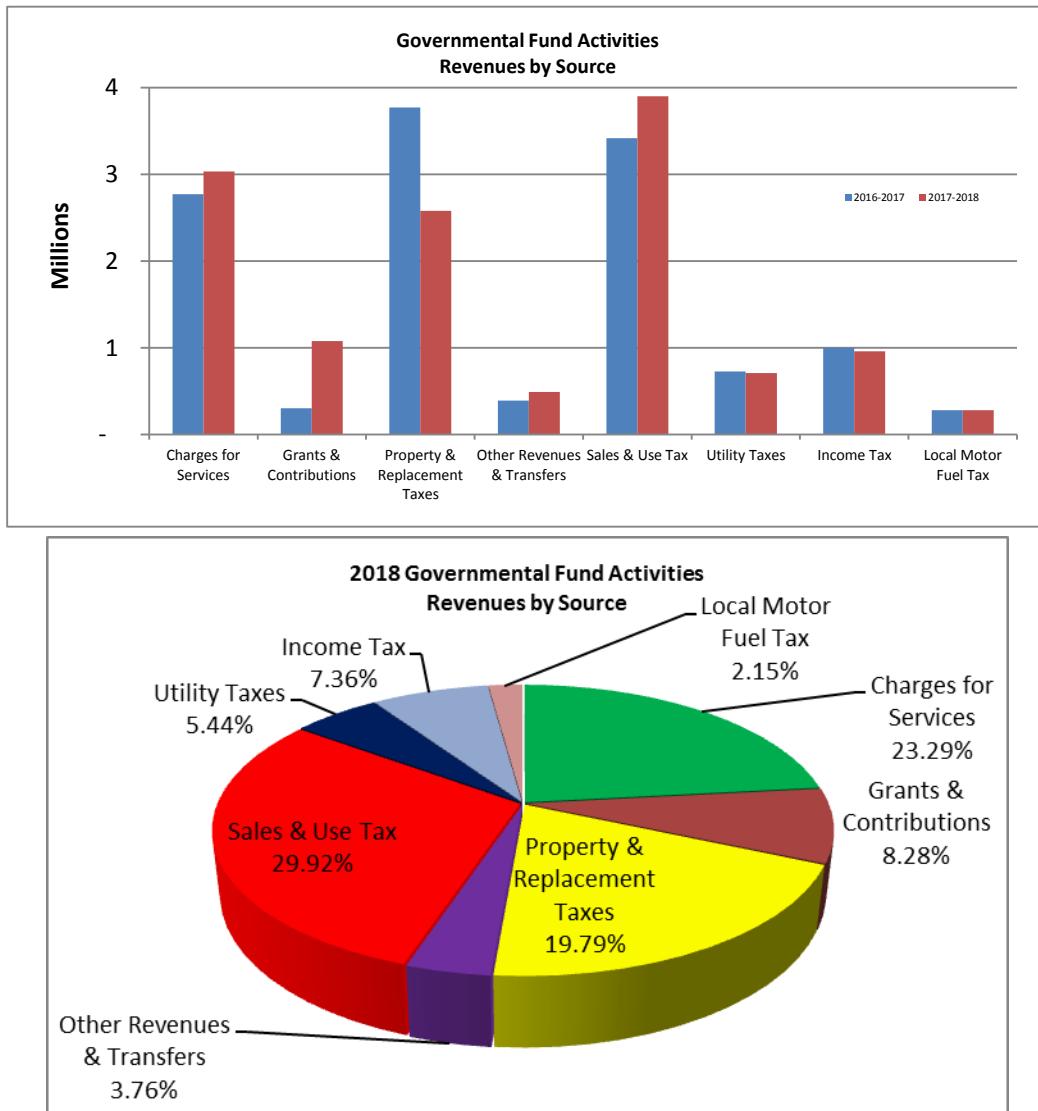
**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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***Governmental Activities:***

**Revenues**

The following graphs depict 2018 Governmental Activity Revenue by source for FY2018:



For the fiscal year ended April 30, 2018, revenues from governmental activities totaled \$13,028,560, an increase of \$487,079 or 3.88% 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, including motor fuel taxes, represent the largest revenue source at \$4.2M or 32.07%. Sales related taxes increased 14% over the prior year mostly due to the establishment of two new business development districts within the Village, which contributed \$292K in new revenue for economic development in two key commercial areas of the Village.

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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At \$2,437,380 and 18.7% of total revenues, property and replacement taxes, not including road and bridge taxes, comprise the third largest single source of governmental activity revenue for the Village. Property taxes decreased by \$1.2M in FY2018 due to the exclusion of Fire District taxes in the current year that were directly paid to the Fire District in 2018. Property taxes exclusive of the fire tax impact increased over the year by 1% or \$25K. The levied property taxes received were restricted in their use, as follows:

<u>Tax Levy Use</u>	<u>Amount</u>
Audit Tax	\$ 18,745
Corporate	\$906,584
IMRF	\$131,390
Police Pension	\$504,177
Police Protection/System	\$241,342
Social Security	\$166,178
Tort Judgement/Liability Insurance	\$364,624
Road and Bridge	\$141,530
TIF	\$ 44,257

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.

Charges for Services were the Village's second largest revenue source at \$3,034,050, representing 23.29% of the total Governmental Activity revenue. The primary Charges for Services revenues are refuse fees \$995,940, reimbursable expenses \$219,937, police fines and special revenue \$653,919, licenses and permit fees \$535,128, and parks and recreational fees \$64,099. 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.

Income taxes which comprise \$959,323 or 7.4% of total revenue experienced a decrease of 4.1%. The decrease is primarily due to the State's enactment of Public Act 100-23 that decreased income taxes being passed to municipalities by 10% for the State fiscal year beginning July 2017. This loss in revenue was partially offset by an increase in employment in Illinois as evidenced by a decrease in the unemployment rate of 0.9% over the course of the year.

Grants were up substantially due to the recognition of a non-repetitive grant of \$796K for a major park renovation project that was completed in 2018. Other miscellaneous revenues were up over prior year by \$98K mostly due to investment earnings growth of \$56K and the inclusion of a one-time gain on a sale of assets totaling \$26K.

### **Expenses**

For the fiscal year ended April 30, 2018, expenses from governmental activities totaled \$10,343,275, which represents a decrease of \$1,611,825 or 13.48% compared to the prior year. The change in treatment of taxes for the fire department from the Village acting as a pass-through entity for taxes being sent directly to the Fire district accounted for \$1,362,329 of the decrease.

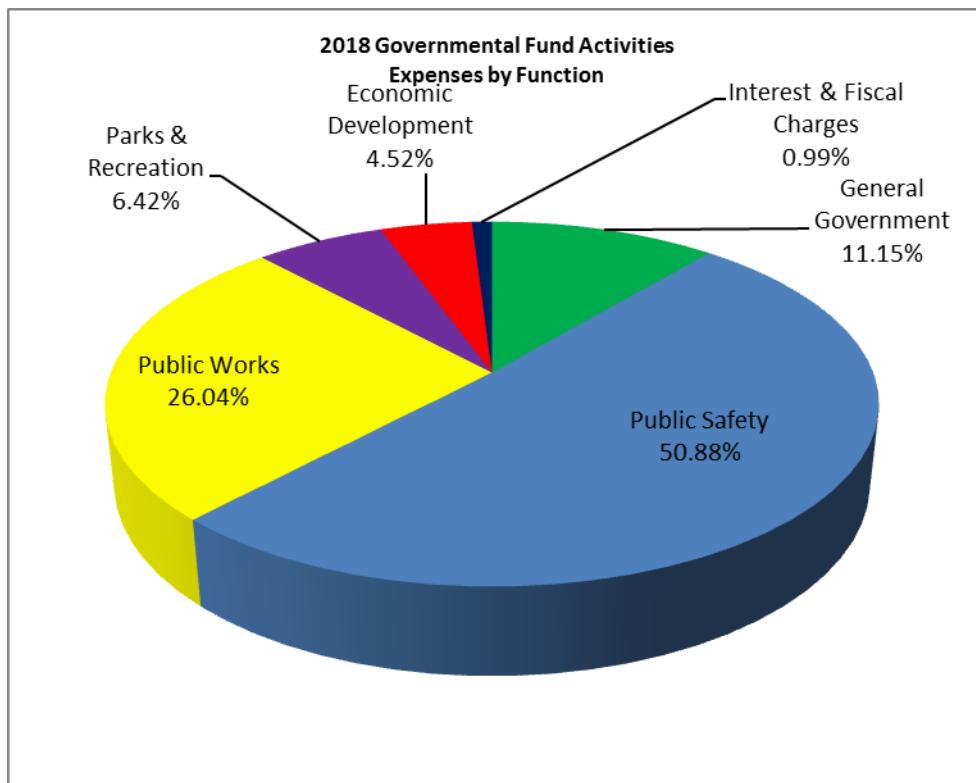
**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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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 provided by the 911 emergency dispatch center. For fiscal year 2017-18, expenses for public safety, excluding fire-related expenses, were comparable to the prior year at \$5.2M, and represented 50.88% of total governmental activity expenses.

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 2018, expenses for public works totaled \$2,693,105 and represented 29.0% of total governmental activities expenses. Public works expenses decreased \$104K or 3.7%, which is relatively in line with prior year expenses.

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 2018, expenses for general government were \$1,153,095 which represented 11.15% of total governmental activities expenses. General government expenses decreased by \$655,256 as compared to prior year due to a one-time increase in the externality fee refund due to the North West Regional Reclamation District totaling \$846K in FY2017. Also within the general government category, IT-related expenses increased \$85K due to a change in a contract for an IT consultant and additional business incentive payments of \$133K to promote economic development in the Village.



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 as well as residents in surrounding communities in order to spur economic activity in the Village. For fiscal year 2018, operating expenses remained relatively consistent with prior years; however, depreciation was \$289K higher than the prior year due to accelerated depreciation on old Lakefront Park Improvements as the new improvements were completed.

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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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 2018, expenses for economic development were \$467,981. Costs in this area increased by \$88K due to additional façade improvement program disbursements over the prior year of \$12K and a shift of personnel, including a change from part-time to full-time personnel that carry additional benefit costs.

***Business-Type Activities***

Revenues:

Total revenues for the Village's business-type activities for fiscal year 2018 were \$13,174,426.

Business-type activities in the Village consist of water operations, waste water reclamation, 911 dispatch center and parking operations. In fiscal year 2018, \$6,380,902 of program revenue were generated by charges for service from wastewater reclamation, \$4,470,849 from local water and sewer operations, \$1,236,359 from 911 dispatch services and \$107,809 by parking operations. Wastewater reclamation revenues were up by \$1.4 million related to tap-on-fees due to an addition of a significant business connection on the system infrastructure. Further, total revenues in FY2018 were down as opposed to the prior year due to recognition of revenue of \$846K at the reclamation center in FY2017 related to a settlement on a dispute concerning reimbursable charges to the General Fund. Additionally, the local water and sewer fund received loan forgiveness for \$750,000 for their debt issued in conjunction with the water tower that was mostly completed in FY2017.

Expenses:

Total expenses for the Village's business-type activities for fiscal year 2018 were \$9,706,537. Of the total expenses for business-type activities, \$5,820,405 is attributable to wastewater reclamation, \$2,600,599 to water and sewer operations, \$1,175,873 to 911 dispatch services and \$109,660 to parking operations. All operations remained relatively consistent with prior year expenditures after consideration of general inflation on operating costs and normal labor cost increases resulting from bargaining unit negotiations.

**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, 2018, the Governmental Funds reported a combined fund balance of \$12,251,887, which is a \$2,036,529, or 19.9% increase from the beginning of the year balance of \$10,215,358. Of the total year-end fund balance \$200,254 is unassigned, \$98,055 is non-spendable, \$3,189,208 is restricted, \$5,048,416 is committed, and \$3,715,684 is assigned. The most significant increase occurred in the assigned category where the assignment for future projects increased by \$1.5M.

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 \$1,855,879, or 21.3%, from the beginning of year. Revenues remained relatively consistent between years, however, expenditures decreased significantly between FY2017 and FY2018. The General Government showed a decrease of \$864K due to the one-time expense recognition in FY 2017 for the settlement of a dispute over reimbursement of service charges from the Wastewater Reclamation Fund. Public Safety also showed lower expenditures due to the exclusion of Fire District-related pass-through taxes of \$1.2M. Otherwise, expenditures were affected by normal increases in personnel costs and inflation in the costs of operations.

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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***Proprietary Funds***

At April 30, 2018, the Enterprise Funds' total net position increased by \$2,662,163 over the prior year.

The Water and Sewer Fund reflected an increase in net position of \$2,692,973. 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, including a major project to connect the local sewer system to the Wastewater Reclamation facility.

The Northwest Region Water Reclamation Fund experienced an increase in net position of \$714,636. This increase was comprised of water reclamation revenues exceeding expenditures generated by County Sewer Charges, and Tap-on-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 \$1,624 decrease in net position. The decrease, which is considered immaterial, was reflective of additional personnel hired to monitor commuter lots.

The 911 Dispatch Services Fund reflected a \$61,904 increase in net position. 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.

Additionally, GASB 75 was implemented early, and restatements were made totaling (\$183,011) to the Local Water and Sewer Fund, (\$426,011) to the Northwest Region Wastewater Reclamation Fund, (\$188,662) to the 911 Dispatch Fund, and (\$8,042) to the Commuter Fund to record obligations for future retiree benefits other than pensions.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village's passed an ordinance in FY2015-16 adopting the budget officer system and creating the office of the budget officer; thus, eliminating the appropriations budget. Since that time, 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 that are reviewed 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 23, 2018.

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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**CAPITAL ASSETS**

At the end of FY2018, the Village had a combined total of \$87,844,451 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. *The following tables summarize the changes in capital assets, which are presented in detail in Note 4 in the Notes to the Financial Statements.*

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land (includes rights of way and easements)	\$ 12,773,684	\$ 12,472,817	\$ 2,067,022	\$ 2,067,022	\$ 14,840,706	\$ 14,539,839
Construction in progress	593,412	1,120,626	1,122,986	2,042,918	1,716,398	3,163,544
Buildings and improvements	5,383,273	4,537,587	29,211,543	27,831,720	34,594,816	32,369,307
Vehicles & Equipment	1,438,107	1,296,447	2,939,930	3,505,257	4,378,037	4,801,704
Infrastructure	9,681,481	10,166,711	-	-	9,681,481	10,166,711
Water transmission system	-	-	14,678,796	14,987,916	14,678,796	14,987,916
Sewer collection system	-	-	7,954,217	8,441,886	7,954,217	8,441,886
Total capital assets	<b>\$ 29,869,957</b>	<b>\$ 29,594,188</b>	<b>\$ 57,974,494</b>	<b>\$ 58,876,719</b>	<b>\$ 87,844,451</b>	<b>\$ 88,470,907</b>

For fiscal year 2018, the Village's total capital assets, net of depreciation, decreased \$626,456. Capital assets of government activities increased \$275,769 due to expenses related to the renovation of the Lake Front Park building, the purchase of three properties, and the replacement of various police and public works equipment, offset by \$1.2M in depreciation. Capital assets of business-type activities decreased \$902,225, where depreciation totaling \$2.8M outpaced new purchases of \$1.9M.

**Table 5: Change in Capital Assets**

	Governmental Activities		Business-type Activities		Total	
	2018	2018	2018	2018	2018	2018
Beginning Balance	\$ 29,594,188		\$ 58,876,719		\$ 88,470,907	
Additions						
Depreciable		825,832		1,109,468		1,935,300
Nondepreciable		680,080		789,875		1,469,955
Retirements						
Depreciable		-		-		-
Nondepreciable		-		-		-
Depreciation		(1,230,143)		(2,801,568)		(4,031,711)
	<b>\$ 29,869,957</b>		<b>\$ 57,974,494</b>		<b>\$ 87,844,451</b>	

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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Major additions to capital assets include the following:

**Governmental Activities**

- Replacement of 2 Police Vehicles
- Purchase of 3 properties for future development.
- Planning for Road Improvements, including:
  - Nippersink Blvd
  - Grand Ave
  - Sayton Rd
- Completion of Park Renovation at Lakefront Park
- Replacement of a Wood Chipper for Public Works
- Replacement Plow Truck with De-Icer for Public Works

**Business-Type Activities**

*Water & Sewer*

- Completed North Tower and Booster Station Project
- Planning and Design for Interconnect Project to Wastewater Reclamation Facility
- Replaced Sewer Lining
- Replace 2 Vehicles

*Northwest Region Water Reclamation*

- Replaced Screw Pump (Significant System Component)
- Replaced 2 Vehicles

*911 Dispatch Center*

- Upgraded Dispatch Equipment

**Debt Outstanding**

The Village of Fox Lake governmental activities had total long-term debt of \$11,177,555 as of April 30, 2018. Long-term debt is comprised of general obligation debt, Illinois EPA low interest loans, 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 \$4,896,885. 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, 2017, the total debt applicable to this limit was \$4,896,885 well below the \$23,365,019 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. Additionally, no new debt was issued during FY2018.

*Illinois Environmental Protection Agency Loan:* The Village has two low interest rate loan due in semiannual installments of principal and interest for improvements in the Local Water and sewer District. The total outstanding debt balance as of April 30, 2018 is \$3,835,707 with interest payments at a rate between 1.640% and 1.995% per annum. New debt was issued during the year of \$1,013,761, which was offset by loan forgiveness by the IEPA of \$750,000. Proceeds from this new debt were used to complete the North Tower and Booster Station project in the local water and sewer system.

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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*Compensated absences:* At the end of the year, compensated absences payable totaled \$439,086, which reflected a decrease of \$102,864 from the prior year. This decrease reflects less employees and a change in vacation carryover policy.

*Net pension liability:* As of April 30, 2018, the Village's net pension liability totaled \$6,067,379 which reflected a decrease of \$1,063,113 over the prior year. The net pension obligation decreased by \$1.3M since current year IMRF investment activities were strong enough to show an IMRF net pension asset. The Police pension liability increased \$326K, mostly due to a decrease in the actuarial rate used from 7.0% to 6.75%. As of the last valuation date however, the Police Pension Fund still had a funded ratio of 73.0%. While the Village has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 76.8% of the Village's FY2018 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, 2018, the Village's net OPEB obligation totaled \$2,237,002, and increase of \$2,019,159. The Village elected to proceed with early implementation of GASB 75, which accounts for most of the change in the OPEB obligation. A prior year adjustment was made to increase beginning of the year liabilities \$1.15M and \$806K for the governmental activities and business-type activities, respectively. Current year expenses of \$39,947 and \$23,531 for the governmental activities and business-type activities, respectively, were also recognized to bring the total OPEB liability to its actuarial estimate. 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 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 continued to be taken to increase revenues include the review of existing fees and charges and the implementation of fee increases; enforcement of existing revenue-generating codes, establishment of a places for eating tax, and collection of outstanding water and police fines receivables through a collection agency.

The FY2018-2019 General Fund budget adopted on April 24, 2018 includes revenues totaling \$12.0M and operating expenditures of \$12.0M. Revenue streams remain relatively consistent with some shifting in tax revenue due to a decrease in the Places For Eating Tax of 1.0% effective April 1, 2018, the increase in income taxes due to the return of a portion of the tax deducted from the State in 2018, and the inclusion of a full year of business development district taxes that became effective January 1, 2018. For expenditures, no significant service modifications are anticipated, but staffing levels are expected to increase moderately to support the current levels of service provided.

The FY2018-2019 General Fund budget also includes spending on capital projects totaling \$2,117,000. These expenditures are expected to come from existing reserves, and include significant project work on Sayton Rd, Nippersink Blvd, Grand Ave, and Frontage Rd. The Board is anticipating the update of the CIP that supports these expenditures during this fiscal year to ensure changing priorities are emphasized.

**VILLAGE OF FOX LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For Fiscal Year Ended April 30, 2018**

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**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 Julie McManus, Finance Director, Village of Fox Lake, 66 Thillen Drive, Illinois 60020.

**VILLAGE OF FOX LAKE, ILLINOIS**

**STATEMENT OF NET POSITION**

April 30, 2018

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 11,493,654	\$ 17,737,100	\$ 29,230,754
Receivables, net of allowance for uncollectibles			
Property taxes	2,599,653	-	2,599,653
Accounts	492,513	2,372,076	2,864,589
Intergovernmental	1,049,035	-	1,049,035
Prepaid items	39,765	59,156	98,921
Cash with paying agent	195,300	114,700	310,000
Inventory	58,290	-	58,290
Internal balances	494,051	(494,051)	-
Due from fiduciary funds	238	-	238
Net pension asset	248,471	312,283	560,754
Capital assets			
Capital assets not being depreciated	13,367,096	3,190,008	16,557,104
Capital assets being depreciated, net	16,502,861	54,784,486	71,287,347
	<hr/>	<hr/>	<hr/>
Total assets	46,540,927	78,075,758	124,616,685
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows of resources	1,509,387	152,598	1,661,985
Unamortized loss on refunding	<hr/>	59,712	59,712
	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	1,509,387	212,310	1,721,697
	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	48,050,314	78,288,068	126,338,382
<b>LIABILITIES</b>			
Accounts payable	607,108	445,607	1,052,715
Accrued payroll	214,465	117,340	331,805
Interest payable	10,646	6,497	17,143
Deposits payable	734,112	-	734,112
Noncurrent liabilities			
Due within one year	543,033	389,048	932,081
Due in more than one year	<hr/>	6,121,311	16,755,833
	<hr/>	<hr/>	<hr/>
Total liabilities	12,743,886	7,079,803	19,823,689
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows of resources	2,091,134	744,565	2,835,699
Unearned revenue	15,274	-	15,274
Deferred property taxes	<hr/>	-	2,599,653
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	4,706,061	744,565	5,450,626
	<hr/>	<hr/>	<hr/>
Total liabilities and deferred inflows of resources	17,449,947	7,824,368	25,274,315
<b>NET POSITION</b>			
Net investment in capital assets	26,521,493	52,439,150	78,960,643
Restricted for			
Economic development	528,574	-	528,574
Maintenance of roadways	1,121,263	-	1,121,263
DUI enforcement	65,742	-	65,742
Insurance	192,235	-	192,235
Northwest Region improvements	1,281,394	-	1,281,394
Unrestricted	<hr/>	18,024,550	18,914,216
	<hr/>	<hr/>	<hr/>
<b>TOTAL NET POSITION</b>	<b>\$ 30,600,367</b>	<b>\$ 70,463,700</b>	<b>\$ 101,064,067</b>

See accompanying notes to financial statements.

**VILLAGE OF FOX LAKE, ILLINOIS**

**STATEMENT OF ACTIVITIES**

For the Year Ended April 30, 2018

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<b>FUNCTIONS/PROGRAMS</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 1,153,095	\$ 1,136,860	\$ 1,766	\$ -
Public safety	5,262,837	766,965	-	-
Public works	2,693,105	1,066,126	280,394	-
Parks and recreation	663,833	64,099	-	796,100
Economic development	467,981	-	-	-
Interest and fiscal charges	102,424	-	-	-
Total governmental activities	10,343,275	3,034,050	282,160	796,100
Business-Type Activities				
Water and sewer	2,600,599	4,470,849	-	-
Wastewater reclamation	5,820,405	6,380,902	-	-
911 dispatch services	1,175,873	1,236,359	-	-
Parking	109,660	107,809	-	-
Total business-type activities	9,706,537	12,195,919	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 20,049,812</b>	<b>\$ 15,229,969</b>	<b>\$ 282,160</b>	<b>\$ 796,100</b>

<b>Net (Expense) Revenue and Change in Net Position</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
\$ (14,469)	\$ -	\$ (14,469)	
(4,495,872)	-	(4,495,872)	
(1,346,585)	-	(1,346,585)	
196,366	-	196,366	
(467,981)	-	(467,981)	
(102,424)	-	(102,424)	
(6,230,965)	-	(6,230,965)	
-	1,870,250	1,870,250	
-	560,497	560,497	
-	60,486	60,486	
-	(1,851)	(1,851)	
-	2,489,382	2,489,382	
(6,230,965)	2,489,382	(3,741,583)	
General Revenues			
Taxes			
Property tax	2,377,296	-	2,377,296
Utility tax	709,072	-	709,072
Sales tax	3,899,431	-	3,899,431
Use tax	279,758	-	279,758
Hotel/motel tax	4,484	-	4,484
Road and bridge tax	141,530	-	141,530
Video gaming proceeds	297,426	-	297,426
Rental car taxes	194	-	194
Replacement tax	60,084	-	60,084
Shared income tax	959,323	-	959,323
Miscellaneous	66,021	-	66,021
Gain on sale of capital assets	26,516	42,132	68,648
Special item	-	750,000	750,000
Investment income	95,115	186,375	281,490
Total	8,916,250	978,507	9,894,757
CHANGE IN NET POSITION			
	2,685,285	3,467,889	6,153,174
NET POSITION, MAY 1	29,065,037	67,801,537	96,866,574
Restatement	(1,149,955)	(805,726)	(1,955,681)
NET POSITION, MAY 1, AS RESTATED	27,915,082	66,995,811	94,910,893
<b>NET POSITION, APRIL 30</b>	<b>\$ 30,600,367</b>	<b>\$ 70,463,700</b>	<b>\$ 101,064,067</b>

See accompanying notes to financial statements.

**VILLAGE OF FOX LAKE, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

April 30, 2018

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 9,833,428	\$ 1,660,226	\$ 11,493,654
Receivables, net			
Property taxes	2,549,388	50,265	2,599,653
Accounts	492,513	-	492,513
Intergovernmental	802,758	246,277	1,049,035
Prepaid items	39,765	-	39,765
Cash with paying agent	195,300	-	195,300
Inventory	42,165	16,125	58,290
Due from fiduciary funds	238	-	238
Due from other funds	2,313,563	-	2,313,563
Advances from other funds	175,646	-	175,646
<b>TOTAL ASSETS</b>	<b>\$ 16,444,764</b>	<b>\$ 1,972,893</b>	<b>\$ 18,417,657</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 525,475	\$ 81,633	\$ 607,108
Accrued payroll	214,465	-	214,465
Deposits payable	734,112	-	734,112
Due to other funds	1,820,125	175,033	1,995,158
Total liabilities	3,294,177	256,666	3,550,843
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property taxes	2,549,388	50,265	2,599,653
Unearned revenue	15,274	-	15,274
Total deferred inflows of resources	2,564,662	50,265	2,614,927
Total liabilities and deferred inflows of resources	5,858,839	306,931	6,165,770
<b>FUND BALANCES</b>			
Nonspendable			
Nonspendable prepaid items	39,765	-	39,765
Nonspendable inventory	42,165	16,125	58,290
Restricted			
Restricted for DUI enforcement	65,742	-	65,742
Restricted for insurance	192,235	-	192,235
Restricted for Northwest Region improvements	1,281,394	-	1,281,394
Restricted for economic development	-	528,574	528,574
Restricted for maintenance of roadways	-	1,121,263	1,121,263
Unrestricted			
Committed by reserve policy	5,048,416	-	5,048,416
Assigned for capital projects	3,702,187	-	3,702,187
Assigned for shop with a cop	13,497	-	13,497
Unassigned	200,524	-	200,524
Total fund balances	10,585,925	1,665,962	12,251,887
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 16,444,764</b>	<b>\$ 1,972,893</b>	<b>\$ 18,417,657</b>

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, 2018

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 12,251,887
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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	29,869,957
Pension related deferred outflows of resources are not related to current financial resources and, therefore, are not presented in the governmental fund statements	1,509,387
Interest payable is accrued as incurred in the statement of activities as opposed to when paid in governmental funds	(10,646)
Net pension asset for the Illinois Municipal Retirement Fund is shown as an asset on the statement of net position	248,471
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	(3,178,895)
Installment contract payable	(100,000)
Unamortized bond premium	(69,566)
Compensated absences payable	(353,970)
Net pension liability	(6,067,379)
Other postemployment benefits	(1,407,745)
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>(2,091,134)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 30,600,367</u></b>

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, 2018

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	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 4,162,869	\$ 44,257	\$ 4,207,126
Licenses, permits and fees	757,373	-	757,373
Intergovernmental	5,027,772	571,961	5,599,733
Charges for services	1,408,486	-	1,408,486
Fines and forfeitures	653,920	-	653,920
Investment income	78,907	16,208	95,115
Miscellaneous	280,291	-	280,291
 Total revenues	 12,369,618	 632,426	 13,002,044
<b>EXPENDITURES</b>			
Current			
General government	1,007,521	87,571	1,095,092
Public safety	5,060,767	-	5,060,767
Public works	1,937,124	119,240	2,056,364
Parks and recreation	342,932	-	342,932
Economic development	451,197	13,712	464,909
Capital outlay	1,262,459	231,253	1,493,712
Debt service			
Principal	451,518	-	451,518
Interest and fiscal charges	114,537	-	114,537
 Total expenditures	 10,628,055	 451,776	 11,079,831
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 1,741,563	 180,650	 1,922,213
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from issuance of debt	100,000	-	100,000
Proceeds from sale of capital assets	14,316	-	14,316
 Total other financing sources (uses)	 114,316	 -	 114,316
 NET CHANGE IN FUND BALANCES	 1,855,879	 180,650	 2,036,529
 FUND BALANCES, MAY 1	 8,730,046	 1,485,312	 10,215,358
 <b>FUND BALANCES, APRIL 30</b>	 \$ 10,585,925	 \$ 1,665,962	 \$ 12,251,887

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**

For the Year Ended April 30, 2018

---

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 2,036,529
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	1,505,912
Depreciation expense	(1,230,143)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions after the measurement date are recognized as deferred outflows and deferred inflows of resources on the statement of net position	
	(514,685)
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	
Issuance of installment contract	(100,000)
Retirement of general obligation debt	451,518
Amortization of bond premium	10,749
Change in compensated absences payable	49,501
Change in net pension liability payable	514,487
Change in other postemployment benefit payable	(39,947)
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	
	<u>1,364</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 2,685,285</u>

See accompanying notes to financial statements.

**VILLAGE OF FOX LAKE, ILLINOIS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

April 30, 2018

	<b>Water and Sewer</b>	<b>Northwest Region Water Reclamation</b>	<b>911 Dispatch Services</b>	<b>Nonmajor Commuter Parking Lot</b>	<b>Total</b>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 4,111,066	\$ 13,383,149	\$ 214,725	\$ 28,160	\$ 17,737,100
Receivables					
Accounts (net of allowance for uncollectible accounts)	830,882	1,477,858	63,294	42	2,372,076
Prepaid items	15,850	26,839	16,377	90	59,156
Cash with paying agent	114,700	-	-	-	114,700
Due from other funds	1,274,442	533,888	120	12,074	1,820,524
 Total current assets	 6,346,940	 15,421,734	 294,516	 40,366	 22,103,556
<b>NONCURRENT ASSETS</b>					
Net pension asset	68,486	143,875	95,123	4,799	312,283
Capital assets, net of accumulated depreciation	19,593,860	37,577,888	507,486	295,260	57,974,494
 Total noncurrent assets	 19,662,346	 37,721,763	 602,609	 300,059	 58,286,777
 Total assets	 26,009,286	 53,143,497	 897,125	 340,425	 80,390,333
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	59,712	-	-	-	59,712
Pension related deferred outflows of resources	33,466	70,305	46,482	2,345	152,598
 Total deferred outflows of resources	 93,178	 70,305	 46,482	 2,345	 212,310
 Total assets and deferred outflows of resources	 26,102,464	 53,213,802	 943,607	 342,770	 80,602,643
<b>CURRENT LIABILITIES</b>					
Accounts payable	199,632	217,240	25,364	3,371	445,607
Accrued payroll	26,324	47,864	41,737	1,415	117,340
Interest payable	6,497	-	-	-	6,497
Due to other funds	847,964	858,488	400,000	32,477	2,138,929
Current portion of long-term debt	385,330	-	3,718	-	389,048
 Total current liabilities	 1,465,747	 1,123,592	 470,819	 37,263	 3,097,421
<b>NONCURRENT LIABILITIES</b>					
Advances from other funds	-	-	175,646	-	175,646
Compensated absences payable	10,809	46,255	26,886	1,166	85,116
Long-term debt	5,374,014	438,452	215,452	8,277	6,036,195
 Total noncurrent liabilities	 5,384,823	 484,707	 417,984	 9,443	 6,296,957
 Total liabilities	 6,850,570	 1,608,299	 888,803	 46,706	 9,394,378
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related deferred outflows of resources	163,290	343,036	226,798	11,441	744,565
 Total deferred inflows of resources	 163,290	 343,036	 226,798	 11,441	 744,565
 Total liabilities and deferred inflows of resources	 7,013,860	 1,951,335	 1,115,601	 58,147	 10,138,943
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	14,082,583	37,577,888	483,419	295,260	52,439,150
Unrestricted (deficit)	5,006,021	13,684,579	(655,413)	(10,637)	18,024,550
 <b>TOTAL NET POSITION (DEFICIT)</b>	 <b>\$ 19,088,604</b>	 <b>\$ 51,262,467</b>	 <b>\$ (171,994)</b>	 <b>\$ 284,623</b>	 <b>\$ 70,463,700</b>

See accompanying notes to financial statements.

**VILLAGE OF FOX LAKE, ILLINOIS**

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

For the Year Ended April 30, 2018

	<b>Water and Sewer</b>	<b>Northwest Region Water Reclamation</b>	<b>911 Dispatch Services</b>	<b>Nonmajor Commuter Parking Lot</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Water/sewer fees	\$ 4,071,181	\$ -	\$ -	\$ -	\$ 4,071,181
Sewer fees	-	4,812,112	-	-	4,812,112
Dispatch fees	-	-	1,232,795	-	1,232,795
Parking fees	-	-	-	107,809	107,809
Tap on fees	222,163	1,564,240	-	-	1,786,403
Miscellaneous	177,505	4,550	3,564	-	185,619
 Total operating revenues	 4,470,849	 6,380,902	 1,236,359	 107,809	 12,195,919
<b>OPERATING EXPENSES</b>					
Personnel services	612,943	1,343,744	869,360	41,890	2,867,937
Contractual services/commodities	1,065,692	2,498,640	264,954	62,717	3,892,003
Miscellaneous	-	-	-	17	17
Depreciation	777,686	1,978,021	40,825	5,036	2,801,568
 Total operating expenses	 2,456,321	 5,820,405	 1,175,139	 109,660	 9,561,525
 OPERATING INCOME (LOSS)	 2,014,528	 560,497	 61,220	 (1,851)	 2,634,394
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	49,804	134,926	1,418	227	186,375
Interest and fiscal charges	(144,278)	-	(734)	-	(145,012)
Gain (loss) on sale of assets	22,919	19,213	-	-	42,132
 Total non-operating revenues (expenses)	 (71,555)	 154,139	 684	 227	 83,495
 INCOME (LOSS) BEFORE SPECIAL ITEMS	 1,942,973	 714,636	 61,904	 (1,624)	 2,717,889
Special items	750,000	-	-	-	750,000
 CHANGE IN NET POSITION	 2,692,973	 714,636	 61,904	 (1,624)	 3,467,889
 NET POSITION (DEFICIT), MAY 1	 16,578,642	 50,973,842	 (45,236)	 294,289	 67,801,537
Prior period adjustmnet	(183,011)	(426,011)	(188,662)	(8,042)	(805,726)
 NET POSITION (DEFICIT), MAY 1, RESTATED	 16,395,631	 50,547,831	 (233,898)	 286,247	 66,995,811
 <b>NET POSITION (DEFICIT), APRIL 30</b>	 <b>\$ 19,088,604</b>	 <b>\$ 51,262,467</b>	 <b>\$ (171,994)</b>	 <b>\$ 284,623</b>	 <b>\$ 70,463,700</b>

See accompanying notes to financial statements.

**VILLAGE OF FOX LAKE, ILLINOIS**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

For the Year Ended April 30, 2018

	<b>Water and Sewer</b>	<b>Northwest Region Water Reclamation</b>	<b>911 Dispatch Services</b>	<b>Nonmajor Commuter Parking Lot</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 4,858,855	\$ 6,723,224	\$ 1,217,584	\$ 108,871	\$ 12,908,534
Payments to suppliers	(1,140,158)	(2,583,227)	(854,298)	(43,691)	(4,621,374)
Payments to employees	(626,867)	(1,334,058)	(294,947)	(64,250)	(2,320,122)
Net cash from operating activities	<u>3,091,830</u>	<u>2,805,939</u>	<u>68,339</u>	<u>930</u>	<u>5,967,038</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund activity	(426,759)	987,372	303,992	20,403	885,008
Net cash from noncapital financing activities	<u>(426,759)</u>	<u>987,372</u>	<u>303,992</u>	<u>20,403</u>	<u>885,008</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	49,804	134,926	1,418	227	186,375
Net cash from investing activities	<u>49,804</u>	<u>134,926</u>	<u>1,418</u>	<u>227</u>	<u>186,375</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(2,097,376)	(153,164)	(155,088)	-	(2,405,628)
Proceeds from sale of capital assets	22,919	19,213	-	-	42,132
Cash with paying agent	(11,100)	-	-	-	(11,100)
Proceeds from issuance of IEPA loans	1,013,761	-	-	-	1,013,761
Payments of principal	(304,202)	-	(3,575)	-	(307,777)
Interest and fiscal charges paid on capital debt	(125,439)	-	(920)	-	(126,359)
Net cash from capital and related financing activities	<u>(1,501,437)</u>	<u>(133,951)</u>	<u>(159,583)</u>	<u>-</u>	<u>(1,794,971)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,213,438</b>	<b>3,794,286</b>	<b>214,166</b>	<b>21,560</b>	<b>5,243,450</b>
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	<b>2,897,628</b>	<b>9,588,863</b>	<b>559</b>	<b>6,600</b>	<b>12,493,650</b>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<b><u>\$ 4,111,066</u></b>	<b><u>\$ 13,383,149</u></b>	<b><u>\$ 214,725</u></b>	<b><u>\$ 28,160</u></b>	<b><u>\$ 17,737,100</u></b>

(This statement is continued on the following page.)

**VILLAGE OF FOX LAKE, ILLINOIS**

STATEMENT OF CASH FLOWS (Continued)  
PROPRIETARY FUNDS

For the Year Ended April 30, 2018

	<b>Water and Sewer Fund</b>	<b>Northwest Region Water Reclamation Fund</b>	<b>911 Dispatch Services Fund</b>	<b>Nonmajor Commuter Parking Lot Fund</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)					
	\$ 2,014,528	\$ 560,497	\$ 61,220	\$ (1,851)	\$ 2,634,394
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation	777,686	1,978,021	40,825	5,036	2,801,568
(Increase) decrease in Receivables	388,006	342,322	(18,775)	1,062	712,615
Prepaid items	(1,836)	(9,089)	(6,914)	-	(17,839)
Pension items	25,571	176,376	113,667	4,201	319,815
Increase (decrease) in Accounts payable	(72,630)	(75,498)	(37,160)	(2,916)	(188,204)
Accrued payroll	6,563	8,761	17,442	461	33,227
Compensated absences payable	(26,368)	(22,353)	(2,380)	(2,262)	(53,363)
Pension items	162,680	341,856	226,032	11,410	741,978
Net OPEB liability	5,345	12,441	5,510	235	23,531
Net pension liability	(187,715)	(507,395)	(331,128)	(14,446)	(1,040,684)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 3,091,830</b>	<b>\$ 2,805,939</b>	<b>\$ 68,339</b>	<b>\$ 930</b>	<b>\$ 5,967,038</b>
<b>NONCASH TRANSACTIONS</b>					
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in IEPA loans receivable	-	-	-	-	-
<b>TOTAL NONCASH TRANSACTIONS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**VILLAGE OF FOX LAKE, ILLINOIS**

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

April 30, 2018

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**ASSETS**

Cash	\$ 167,050
Investments (at fair value)	
Corporate obligations	1,269,695
Certificates of deposit	466,674
State and local obligations	60,112
U.S. Government obligations	3,642,314
Mutual funds	10,851,547
Accrued interest receivable	38,729
Prepaid expenses	<u>9,505</u>
 Total assets	 <u>16,505,626</u>

**LIABILITIES**

Accounts payable	324
Due to other funds	<u>238</u>
 Total liabilities	 <u>562</u>

**NET POSITION RESTRICTED  
FOR PENSION BENEFITS**

\$ 16,505,064

**VILLAGE OF FOX LAKE, ILLINOIS**

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

For the Year Ended April 30, 2018

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**ADDITIONS**

Contributions	
Employer	\$ 656,677
Plan members	<u>189,901</u>
	<u>846,578</u>

Investment income

Net appreciation in fair value of investments	785,032
Interest and dividends	<u>392,859</u>
	<u>1,177,891</u>

Less investment expense

	<u>(31,422)</u>
	<u>1,146,469</u>
	<u>1,993,047</u>

**DEDUCTIONS**

Pension benefits and refunds	795,549
Administrative expenses	<u>43,501</u>
	<u>839,050</u>

**NET INCREASE**

1,153,997

**NET POSITION RESTRICTED  
FOR PENSION BENEFITS**

May 1	<u>15,351,067</u>
April 30	<u>\$ 16,505,064</u>

# **VILLAGE OF FOX LAKE, ILLINOIS**

## **NOTES TO FINANCIAL STATEMENTS**

April 30, 2018

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### **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.

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

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**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.

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

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**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.

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

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**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)

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**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)

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**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. 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.

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

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**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.

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

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**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.

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

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

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**2. DEPOSITS AND INVESTMENTS (Continued)**

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 The Illinois Funds. 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.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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)

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**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. The 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, 2018.

**3. RECEIVABLES - PROPERTY TAXES**

Property taxes for the 2016 levy year attach as an enforceable lien on January 1, 2016, 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, 2017 and August 1, 2017, and are payable in two installments, on or about June 1, 2017 and September 1, 2017. The County collects such taxes and remits them periodically. The 2017 tax levy is intended to finance the 2019 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable/deferred revenue. The 2018 tax levy has not been recorded as a receivable at April 30, 2018, as the tax attached as a lien on property as of January 1, 2018; however, the tax will not be levied until December 2018 and, accordingly, is not measurable at April 30, 2018.

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

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**4. CAPITAL ASSETS**

Capital asset activity for the Village for the year ended April 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 2,001,335	\$ 300,867	\$ -	\$ 2,302,202
Land right of way	10,471,482	-	-	10,471,482
Construction in progress	1,120,626	379,213	906,427	593,412
Total capital assets not being depreciated	<u>13,593,443</u>	<u>680,080</u>	<u>906,427</u>	<u>13,367,096</u>
Capital assets being depreciated				
Buildings and improvements	8,540,195	1,338,312	466,475	9,412,032
Vehicles and equipment	3,837,346	393,947	332,256	3,899,037
Infrastructure	19,683,119	-	-	19,683,119
Total capital assets being depreciated	<u>32,060,660</u>	<u>1,732,259</u>	<u>798,731</u>	<u>32,994,188</u>
Less accumulated depreciation for				
Buildings	4,002,608	492,626	466,475	4,028,759
Vehicles and equipment	2,540,899	252,287	332,256	2,460,930
Infrastructure	9,516,408	485,230	-	10,001,638
Total accumulated depreciation	<u>16,059,915</u>	<u>1,230,143</u>	<u>798,731</u>	<u>16,491,327</u>
Total capital assets being depreciated, net	<u>16,000,745</u>	<u>502,116</u>	-	<u>16,502,861</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 29,594,188</u>	<u>\$ 1,182,196</u>	<u>\$ 906,427</u>	<u>\$ 29,869,957</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 2,067,022	\$ -	\$ -	\$ 2,067,022
Construction in progress	2,042,918	789,875	1,709,807	1,122,986
Total capital assets not being depreciated	<u>4,109,940</u>	<u>789,875</u>	<u>1,709,807</u>	<u>3,190,008</u>
Capital assets being depreciated				
Buildings	46,497,992	2,436,105	-	48,934,097
Vehicles and equipment	9,798,754	112,994	631,779	9,279,969
Water transmission system	24,930,208	270,176	-	25,200,384
Sewer collection system	18,924,580	-	-	18,924,580
Total capital assets being depreciated	<u>100,151,534</u>	<u>2,819,275</u>	<u>631,779</u>	<u>102,339,030</u>
Less accumulated depreciation for				
Buildings	18,666,272	1,056,282	-	19,722,554
Vehicles and equipment	6,293,497	678,321	631,779	6,340,039
Water transmission system	9,942,292	579,296	-	10,521,588
Sewer collection system	10,482,694	487,669	-	10,970,363
Total accumulated depreciation	<u>45,384,755</u>	<u>2,801,568</u>	<u>631,779</u>	<u>47,554,544</u>
Total capital assets being depreciated, net	<u>54,766,779</u>	<u>17,707</u>	-	<u>54,784,486</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 58,876,719</u>	<u>\$ 807,582</u>	<u>\$ 1,709,807</u>	<u>\$ 57,974,494</u>

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

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**4. CAPITAL ASSETS (Continued)**

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 52,297
Public safety	233,003
Public works	624,603
Parks and recreation	<u>320,240</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 1,230,143</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, 2017 through December 1, 2018:

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	-	1,000,000/occurrence
Crime	5,000	500,000/occurrence
Workers' compensation	-	2,500,000/occurrence

The Village is not aware of any additional premiums owed to ICRMT as of April 30, 2018 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)**

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**6. LONG-TERM DEBT**

a. General Obligation Bonds and Other Long-Term Debt

The outstanding debt as of April 30, 2018 consists of the following individual amounts:

	Fund Debt Retired By	Balances April 30	Current Portion
\$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 4.40%.	General	\$ 86,000	\$ 16,000
\$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	225,925	110,512
\$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 2.50% to 3.50%.	General/ Water and Sewer/911	1,684,960	260,000
\$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	2,900,000	310,000
\$100,000 Installment contract due in annual installments \$50,000, from December 19, 2018 to December 19, 2019 with interest at 2%.	General	100,000	50,000
\$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	2,292,433	110,652
\$1,543,275 Illinois EPA low interest loan due in semiannual installments of principal and interest in annual installments of \$57,814 to \$90,201 from December 27, 2017 to December 27, 2037, with interest at 1.640%.	Water and Sewer	1,543,274	57,814
<b>TOTAL OUTSTANDING DEBT</b>		<b>\$ 8,832,592</b>	<b>\$ 914,978</b>

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

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**6. LONG-TERM DEBT (Continued)**

b. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Year Ending April 30,	Governmental Activities	
	General Obligation Debt	
	Principal	Interest
2019	\$ 482,284	\$ 104,915
2020	490,272	90,188
2021	388,330	75,489
2022	427,002	63,288
2023	304,960	49,572
2024	282,785	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	144,912	2,898
<b>TOTAL</b>	<b>\$ 3,178,895</b>	<b>\$ 523,610</b>
Year Ending April 30,	Governmental Activities	
	Installment Contracts	
	Principal	Interest
2019	\$ 50,000	\$ 2,000
2020	50,000	1,000
<b>TOTAL</b>	<b>\$ 100,000</b>	<b>\$ 3,000</b>
Year Ending April 30,	Business-Type Activities	
	General Obligation Debt	
	Principal	Interest
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	172,175	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	85,087	1,702
<b>TOTAL</b>	<b>\$ 1,717,990</b>	<b>\$ 294,535</b>

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

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**6. LONG-TERM DEBT (Continued)**

b. Debt Service Requirements to Maturity (Continued)

Year Ending April 30,	Business-Type Activities	
	IPEA Loan	Interest
	Principal	Interest
2019	\$ 168,466	\$ 67,147
2020	180,095	67,053
2021	183,465	63,683
2022	186,899	60,250
2023	190,397	56,751
2024	193,962	53,187
2025	197,594	49,555
2026	201,294	45,855
2027	205,064	42,085
2028	208,906	38,243
2029	212,820	34,329
2030	216,808	30,341
2031	220,871	26,278
2032	225,011	22,138
2033	229,229	17,919
2034	233,528	13,621
2035	237,907	9,242
2036	164,451	4,779
2037	88,740	2,572
2038	90,200	1,111
<b>TOTAL</b>	<b>\$ 3,835,707</b>	<b>\$ 706,139</b>

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 2018:

	Balances May 1, Restated	Additions	Reductions	Balances April 30	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation debt certificates	\$ 3,298,670	\$ -	\$ 345,700	\$ 2,952,970	\$ 371,772
General obligation bonds	331,743	-	105,818	225,925	110,512
Installment contract payable	-	100,000	-	100,000	50,000
Compensated absences payable	403,471	353,970	403,471	353,970	-
Other postemployment benefits	1,367,798	39,947	-	1,407,745	-
Net pension liability - IMRF	592,017	-	592,017	-	-
Net pension liability - Police	5,741,378	326,001	-	6,067,379	-
Unamortized bond premium	80,315	-	10,749	69,566	10,749
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 11,815,392</b>	<b>\$ 819,918</b>	<b>\$ 1,457,755</b>	<b>\$ 11,177,555</b>	<b>\$ 543,033</b>

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

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**6. LONG-TERM DEBT (Continued)**

c. Changes in Long-Term Liabilities (Continued)

	Balances May 1, Restated	Additions	Reductions	Balances April 30	Current Portion
<b>BUSINESS-TYPE ACTIVITIES</b>					
General obligation debt certificates	\$ 1,917,290	\$ -	\$ 199,300	\$ 1,717,990	\$ 214,228
Illinois EPA loan	3,680,423	1,013,761	858,477	3,835,707	168,466
Compensated absences payable	138,479	85,116	138,479	85,116	-
Other postemployment benefits	805,726	23,531	-	829,257	-
Net pension liability	797,097	-	797,097	-	-
Unamortized bond premium	48,829	-	6,540	42,289	6,354
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 7,387,844</b>	<b>\$ 1,122,408</b>	<b>\$ 1,999,893</b>	<b>\$ 6,510,359</b>	<b>\$ 389,048</b>

**7. INDIVIDUAL FUND DISCLOSURES**

As of April 30, 2018, individual fund interfund receivables and payables were as follows:

	Due From	Due To
General Fund		
TIF Fund	\$ 2,544	\$ -
MFT Fund	157,546	-
Business Development District - South	11,807	-
Business Development District - Central	3,136	-
Police Pension Fund	238	-
Commuter Parking Fund	32,477	12,074
Water Fund	847,964	1,274,043
Central Dispatch Fund	400,000	120
Northwest Regional Water Reclamation Fund	858,089	533,888
<b>Total General Fund</b>	<b>2,313,801</b>	<b>1,820,125</b>
TIF Fund		
General Fund	-	2,544
MFT Fund		
General Fund	-	157,546
Business Development District - South		
General Fund	-	11,807

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

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**7. INDIVIDUAL FUND DISCLOSURES (Continued)**

	Due From	Due To
Business Development District - Central General Fund	\$ -	\$ 3,136
Police Pension Fund General Fund	-	238
Commuter Parking Fund General Fund	12,074	32,477
Water and Sewer Fund General Fund	1,274,043	847,964
Northwest Regional Water Reclamation Fund	399	-
Central Dispatch Fund General Fund	120	400,000
Northwest Regional Water Reclamation Fund General Fund	533,888	858,089
Water and Sewer Fund	-	399
<b>TOTAL INTERFUND BALANCES</b>	<b><u>\$ 4,134,325</u></b>	<b><u>\$ 4,134,325</u></b>

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.

As of April 30, 2018, major individual fund advances between funds were as follows:

Receivable Fund	Payable Fund	Amount
General	911 Dispatch Services	<u>\$ 175,646</u>
<b>TOTAL</b>		<b><u>\$ 175,646</u></b>

The General Fund advanced the 911 Dispatch Services Fund 175,646 to aid with cash flow while the dispatch center upgrades its equipment for increased marketing of its services.

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

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**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](http://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)

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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Plan Membership*

At December 31, 2017, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	61
Active employees	58
	<hr/>
<b>TOTAL</b>	<b>182</b>
	<hr/>

*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, 2018 was 10.79% of covered payroll.

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

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**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, 2017 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, 2017
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Actuarial cost method	Entry-age normal
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Assumptions

Inflation	2.55%
Salary increases	3.39% to 14.25%
Interest rate	7.50%

Asset valuation method	Market value
------------------------	--------------

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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)

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**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
<b>BALANCES AT JANUARY 1, 2017</b>	<b>\$ 16,625,349</b>	<b>\$ 15,236,235</b>	<b>\$ 1,389,114</b>
Changes for the period			
Service cost	355,683	-	355,683
Interest	1,229,940	-	1,229,940
Difference between expected and actual experience	(196,154)	-	(196,154)
Changes in assumptions	(487,451)	-	(487,451)
Employer contributions	-	361,301	(361,301)
Employee contributions	-	152,950	(152,950)
Net investment income	-	2,618,669	(2,618,669)
Benefit payments and refunds	(807,975)	(807,975)	-
Other (net transfer)	-	(281,034)	281,034
Net changes	94,043	2,043,911	(1,949,868)
<b>BALANCES AT DECEMBER 31, 2017</b>	<b>\$ 16,719,392</b>	<b>\$ 17,280,146</b>	<b>\$ (560,754)</b>

Changes in assumptions related to price inflation, salary increases, retirement age and mortality rates.

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

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**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, 2018, the Village recognized pension expense of \$484,799.

At April 30, 2018, 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	\$ 154,747	\$ 223,840
Changes in assumption	7,928	386,196
Net difference between projected and actual earnings on pension plan investments	-	726,952
Contributions made subsequent to the measurement date	111,339	-
<b>TOTAL</b>	<b>\$ 274,014</b>	<b>\$ 1,336,988</b>

\$111,339 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Year Ending April 30,	
2019	\$ (177,819)
2020	(192,617)
2021	(457,409)
2022	(346,468)
2023	-
Thereafter	-
<b>TOTAL</b>	<b>\$ (1,174,313)</b>

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

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**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 (asset) to changes in the discount rate. The table below presents the pension liability (asset) of the Village calculated using the discount rate of 7.50% as well as what the Village's net pension liability (asset) 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)	\$ 1,653,204	\$ (560,754)	\$ (2,343,474)

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, 2018, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	23
 TOTAL	 40

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

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**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 2.50% 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 2.50% 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; and 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.

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

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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Contributions (Continued)*

Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. The Village has adopted a funding policy using the entry-age normal cost method that will result in 100% funding by 2033. The Village's contribution rate for the year was 38.68%.

*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 The 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:

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

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

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**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, 2018 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. The 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)

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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Rate of Return*

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.43%. 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, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Corporate fixed income	\$ 1,269,695	\$ 50,016	\$ 1,219,679	\$ -	\$ -
Municipal bonds	60,112	-	60,112	-	-
Negotiable CDs	466,674	466,674	-	-	-
U.S. Treasuries and Federal agencies	3,642,314	1,084,272	1,843,028	593,209	121,805
<b>TOTAL</b>	<b>\$ 5,438,795</b>	<b>\$ 1,600,962</b>	<b>\$ 3,122,819</b>	<b>\$ 593,209</b>	<b>\$ 121,805</b>

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.

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

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**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, 2018. 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 6.75%. 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)

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**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
U.S. Large Cap Equity	27%	4.24%
U.S. Mid Cap Equity	3%	4.74%
U.S. Small Cap Equity	3%	5.24%
REITs	3%	3.20%
Non U.S. Developed Equity	16%	3.95%
Emerging Markets	8%	5.74%
Fixed Income	38%	(0.32)%
Cash	2%	(1.42)%

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
<b>BALANCES AT MAY 1, 2017</b>	<b>\$ 21,092,445</b>	<b>\$ 15,351,067</b>	<b>\$ 5,741,378</b>
Changes for the period			
Service cost	457,737	-	457,737
Interest	1,396,890	-	1,396,890
Difference between expected and actual experience	(334,956)	-	(334,956)
Changes in assumptions	755,876	-	755,876
Employer contributions	-	656,677	(656,677)
Employee contributions	-	189,901	(189,901)
Net investment income	-	1,146,469	(1,146,469)
Benefit payments and refunds	(795,549)	(795,549)	-
Administrative expense	-	(43,501)	43,501
Net changes	1,479,998	1,153,997	326,001
<b>BALANCES AT APRIL 30, 2018</b>	<b>\$ 22,572,443</b>	<b>\$ 16,505,064</b>	<b>\$ 6,067,379</b>

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

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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Changes in the Net Pension Liability (Continued)*

In 2018, the discount rate used was changed from 7.00% to 6.75%. Additionally, there were changes with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2018 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	2.50% to 10.00%
Interest rate	6.75%
Asset valuation method	Market

Mortality rates were based on the RP-2014 (BCHA) Mortality Table improved generationally using MP-2016 improvement rates. The actuarial assumptions used in the April 30, 2018 valuation were based a review of assumptions in the L&A 2016 study for Illinois Police Officers.

*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 6.75% 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 9,534,300	\$ 6,067,379	\$ 3,266,248

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

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**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, 2018, the Village recognized pension expense of \$616,525. At April 30, 2018, 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	\$ -	\$ 1,084,960
Changes in assumptions	1,095,674	413,751
Net difference between projected and actual earnings on pension plan investments	292,297	-
<b>TOTAL</b>	<b>\$ 1,387,971</b>	<b>\$ 1,498,711</b>

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:

Year Ending April 30,	
2019	\$ (6,848)
2020	18,983
2021	(248,244)
2022	(26,076)
2023	53,895
Thereafter	97,550
<b>TOTAL</b>	<b>\$ (110,740)</b>

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

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**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 Governmental Activities (General Fund), Water and Sewer Fund, Northwest Region Water Reclamation Fund, 911 Dispatch Services Fund and Commuter Parking Lot 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. 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. Once reaching Medicare age, retirees are covered by a Medicare supplement plan as opposed to the Village's active employee health plan. 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. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the current members via the insured plan (pay-as-you-go) which results in an implicit subsidy to the Village.

c. Membership

At April 30, 2018, membership consisted of:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	6
Active employees	70
<b>TOTAL</b>	<b>80</b>

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

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**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

d. Total OPEB Liability

The Village's total OPEB liability of \$2,237,002 was measured as of April 30, 2018 and was determined by an actuarial valuation as of that date.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability in the April 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry-Age
Actuarial value of assets	N/A
Inflation	2.50%
Salary increases	2.75%
Discount rate	3.97%
Healthcare cost trend rates	Varies
Retirees share of benefit-related costs	100% Regular Plan

The discount rate was based on the index rate for tax exempt general obligation municipal bonds rated AA or better at April 30, 2018. The discount rate at April 30, 2018 was 3.97%.

For Police employees, mortality is projected to the valuation date using RP-2014 Blue Collar Mortality tables with improvement scale MP-2016. For IMRF employees, mortality uses the RP-2014 Blue Collar Mortality tables with improvement using Scale MP-2016.

The actuarial assumptions used in the April 30, 2018 valuations are based on an initial annual healthcare cost trend rate of 7.70% for PPO and 6.90% for HMO plans and an ultimate healthcare cost trend rate of 5% for both PPO and HMO plans.

The actuarial assumptions used in the April 30, 2018 valuation are based on 30% participation assumed, with 50% electing spouse coverage.

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

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**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

f. Changes in the Total OPEB Liability

	Total OPEB Liability
BALANCES AT MAY 1, 2017	<u>\$ 2,173,523</u>
Changes for the period	
Service cost	56,026
Interest	84,754
Difference between expected and actual experience	-
Changes in benefit terms	-
Changes in assumptions	-
Benefit payments	<u>(77,301)</u>
Net changes	<u>63,479</u>
BALANCES AT APRIL 30, 2018	<u>\$ 2,237,002</u>

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Village calculated using the discount rate of 3.97% as well as what the Village total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.97%) or 1 percentage point higher (4.97%) than the current rate:

	Current	1% Decrease	Discount Rate	1% Increase
		(2.97%)	(3.97%)	(4.97%)
Total OPEB liability	\$ 2,553,636	\$ 2,237,002	\$ 1,979,671	

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

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**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Village calculated using the healthcare rate of 5.00% to 7.70% as well as what the Village's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (4.00% to 6.70%) or 1 percentage point higher (6.00% to 8.70%) than the current rate:

	1% Decrease (4.00% to 6.70%)	Current Healthcare Rate (5.00% to 7.70%)	1% Increase (6.00% to 8.70%)
Total OPEB liability	\$ 1,935,370	\$ 2,237,002	\$ 2,609,108

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2018, the Village recognized OPEB expense of \$140,780. At April 30, 2018, the Village did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

**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 relocates outside of the Village within 20 years from the commencement of the agreement. As of and for the year ended April 30, 2018, a liability of \$53,223. As of April 30, 2018, the Village has incurred total incentives of \$209,993.

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

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**12. CHANGE IN ACCOUNTING PRINCIPLE**

In 2018, the Village early implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. With the implementation, the Village is required to retroactively record the total postemployment benefit liability.

					Increase (Decrease)
<b>CHANGE IN ACCOUNTING PRINCIPLE -</b>					
<b>GOVERNMENTAL ACTIVITIES</b>					
Change in accounting principal					
To write-off the net OPEB obligation					\$ 217,843
To record the total OPEB liability					<u>(1,367,798)</u>
<b>TOTAL CHANGE IN ACCOUNTING PRINCIPLE -</b>					
<b>GOVERNMENTAL ACTIVITIES</b>					
	Water And Sewer Fund	Northwest Region Water Reclamation Fund	911 Dispatch Services Fund	Nonmajor Enterprise	Total Business-Type Activities
CHANGE IN ACCOUNTING PRINCIPLE					
To record the total OPEB liability	<u>\$ (183,011)</u>	<u>\$ (426,011)</u>	<u>\$ (188,662)</u>	<u>\$ (8,042)</u>	<u>\$ (805,726)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE	<u><u>\$ (183,011)</u></u>	<u><u>\$ (426,011)</u></u>	<u><u>\$ (188,662)</u></u>	<u><u>\$ (8,042)</u></u>	<u><u>\$ (805,726)</u></u>

**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 \$750,000 in the business-type activities and the Water and Sewer Fund for a portion of a loan forgiven by the Illinois Environmental Protection Agency (IEPA) during the year ended April 30, 2018.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF FOX LAKE, ILLINOIS**

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

For the Year Ended April 30, 2018

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 4,132,519	\$ 4,117,171	\$ 4,162,869	\$ 45,698
Licenses, permits and fees	557,848	645,981	757,373	111,392
Intergovernmental grants and reimbursements	5,045,742	5,004,830	5,027,772	22,942
Charges for services	1,286,565	1,286,165	1,408,486	122,321
Fines and forfeitures	424,060	523,874	653,920	130,046
Investment income	22,000	56,702	78,907	22,205
Miscellaneous	141,600	216,165	280,291	64,126
 Total revenues	 11,610,334	 11,850,888	 12,369,618	 518,730
<b>EXPENDITURES</b>				
Current				
General government	1,402,665	1,322,350	1,007,521	(314,829)
Public safety	5,535,044	5,513,072	5,060,767	(452,305)
Public works	1,936,928	1,927,800	1,937,124	9,324
Parks and recreation	405,533	386,442	342,932	(43,510)
Community development	569,413	491,624	451,197	(40,427)
Grant expense	300	300	-	(300)
Capital outlay	2,561,000	2,561,000	1,262,459	(1,298,541)
Debt service				
Principal	451,518	451,519	451,518	(1)
Interest	118,616	118,614	114,537	(4,077)
 Total expenditures	 12,981,017	 12,772,721	 10,628,055	 (2,144,666)
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (1,370,683)	 (921,833)	 1,741,563	 2,663,396
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of debt	-	-	100,000	100,000
Proceeds from sale of capital assets	11,000	11,000	14,316	3,316
 Total other financing sources (uses)	 11,000	 11,000	 114,316	 103,316
 NET CHANGE IN FUND BALANCE	 \$ (1,359,683)	 \$ (910,833)	 1,855,879	 \$ 2,766,712
 FUND BALANCE, MAY 1			 8,730,046	
 <b>FUND BALANCE, APRIL 30</b>			 \$ 10,585,925	

(See independent auditor's report.)

**VILLAGE OF FOX LAKE, ILLINOIS**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Fiscal Year

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<b>MEASUREMENT DATE APRIL 30,</b>	<b>2018</b>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 56,026
Interest	84,754
Differences between expected and actual experience	-
Changes of benefit terms	-
Changes of assumptions	-
Benefit payments	<u>(77,301)</u>
Net change in total pension liability	63,479
Total OPEB liability - beginning	<u>2,173,523</u>
<b>TOTAL OPEB LIABILITY - ENDING</b>	
	<u>\$ 2,237,002</u>
Covered-employee payroll	\$ 1,697,568
Employer's total OPEB liability as a percentage of covered-employee payroll	131.78%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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.

**VILLAGE OF FOX LAKE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND**

Last Four Fiscal Years

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<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially determined contribution	\$ 560,084	\$ 565,894	\$ 706,108	\$ 705,325
Contributions in relation to the actuarially determined contribution	684,444	692,803	718,995	656,677
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (124,360)</b>	<b>\$ (126,909)</b>	<b>\$ (12,887)</b>	<b>\$ 48,648</b>
Covered-employee payroll	\$ 2,017,470	\$ 1,740,188	\$ 1,711,427	\$ 1,697,568
Contributions as a percentage of covered-employee payroll	33.93%	39.81%	42.01%	38.68%

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 15 years; the asset valuation method was five-year average market; and the significant actuarial assumptions were an investment rate of return at 6.75% annually, projected salary increases assumption of 2.50% to 10.00% 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.

**VILLAGE OF FOX LAKE, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

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<b>FISCAL YEAR ENDED APRIL 30,</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially determined contribution	\$ 403,072	\$ 351,280	\$ 403,072
Contributions in relation to the actuarially determined contribution	<u>378,202</u>	<u>351,519</u>	<u>364,206</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ 24,870</b>	<b>\$ (239)</b>	<b>\$ 38,866</b>
Covered-employee payroll	\$ 3,578,855	\$ 3,364,019	\$ 3,376,467
Contributions as a percentage of covered-employee payroll	10.57%	10.45%	10.79%

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 26 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.

**VILLAGE OF FOX LAKE, ILLINOIS**

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

Last Four Fiscal Years

<b>MEASUREMENT DATE APRIL 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 444,803	\$ 505,724	\$ 449,225	\$ 457,737
Interest	1,198,600	1,379,916	1,452,953	1,396,890
Differences between expected and actual experience	160,144	(1,602,792)	(495,206)	(334,956)
Changes in assumptions	1,305,881	1,444,105	(664,507)	755,876
Benefit payments, including refunds of member contributions	(484,233)	(554,152)	(812,986)	(795,549)
Net change in total pension liability	2,625,195	1,172,801	(70,521)	1,479,998
Total pension liability - beginning	<u>17,364,970</u>	<u>19,990,165</u>	<u>21,162,966</u>	<u>21,092,445</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b><u>\$ 19,990,165</u></b>	<b><u>\$ 21,162,966</u></b>	<b><u>\$ 21,092,445</u></b>	<b><u>\$ 22,572,443</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 684,444	\$ 692,803	\$ 718,995	\$ 656,677
Contributions - member	190,771	196,573	166,723	189,901
Net investment income	973,307	(395,122)	1,325,602	1,146,469
Benefit payments, including refunds of member contributions	(484,233)	(554,151)	(812,986)	(795,549)
Administrative expense	(20,772)	(30,603)	(38,672)	(43,501)
Net change in plan fiduciary net position	1,343,517	(90,500)	1,359,662	1,153,997
Plan fiduciary net position - beginning	<u>12,738,388</u>	<u>14,081,905</u>	<u>13,991,405</u>	<u>15,351,067</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b><u>\$ 14,081,905</u></b>	<b><u>\$ 13,991,405</u></b>	<b><u>\$ 15,351,067</u></b>	<b><u>\$ 16,505,064</u></b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>				
	<b><u>\$ 5,908,260</u></b>	<b><u>\$ 7,171,561</u></b>	<b><u>\$ 5,741,378</u></b>	<b><u>\$ 6,067,379</u></b>
Plan fiduciary net position				
as a percentage of the total pension liability	70.44%	66.11%	72.78%	73.12%
Covered-employee payroll	\$ 2,017,470	\$ 1,740,188	\$ 1,711,427	\$ 1,697,568
Employer's net pension liability				
as a percentage of covered-employee payroll	292.76%	412.11%	335.47%	357.42%

In 2017, 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).

In 2018, the discount rate used was changed from 7.00% to 6.75%. Additionally, there were changes with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

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.

**VILLAGE OF FOX LAKE, ILLINOIS**

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

Last Three Calendar Years

<b>MEASUREMENT DATE DECEMBER 31,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 372,886	\$ 404,760	\$ 355,683
Interest	1,083,145	1,178,635	1,229,940
Differences between expected and actual experience	407,982	(127,660)	(196,154)
Changes in assumptions	20,903	(21,291)	(487,451)
Benefit payments, including refunds of member contributions	(527,684)	(685,657)	(807,975)
Net change in total pension liability	1,357,232	748,787	94,043
Total pension liability - beginning	<u>14,519,330</u>	<u>15,876,562</u>	<u>16,625,349</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b><u>\$ 15,876,562</u></b>	<b><u>\$ 16,625,349</u></b>	<b><u>\$ 16,719,392</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	\$ 401,722	\$ 362,209	\$ 361,301
Contributions - member	169,778	152,436	152,950
Net investment income	72,277	953,436	2,618,669
Benefit payments, including refunds of member contributions	(527,684)	(685,657)	(807,975)
Administrative expense	(276,527)	180,704	(281,034)
Net change in plan fiduciary net position	(160,434)	963,128	2,043,911
Plan fiduciary net position - beginning	<u>14,433,541</u>	<u>14,273,107</u>	<u>15,236,235</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b><u>\$ 14,273,107</u></b>	<b><u>\$ 15,236,235</u></b>	<b><u>\$ 17,280,146</u></b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>			
Plan fiduciary net position	\$ 1,603,455	\$ 1,389,114	\$ (560,754)
as a percentage of the total pension liability	89.90%	91.64%	103.35%
Covered-employee payroll	\$ 3,784,712	\$ 3,387,465	\$ 3,398,881
Employer's net pension liability	42.37%	41.01%	(-16.50%)
as a percentage of covered-employee payroll			

There was a change in the actuarial assumptions in 2015 and 2016 for the discount rate. There was a change in actuarial assumptions in 2017 for price inflation, salary increases, retirement age, and mortality rates.

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.

**VILLAGE OF FOX LAKE, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

Last Four Fiscal Years

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<b><u>FISCAL YEAR ENDED APRIL 30,</u></b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Annual money-weighted rate of return, net of investment expense	7.60%	(2.75%)	9.40%	7.43%

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.

## **VILLAGE OF FOX LAKE, ILLINOIS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

April 30, 2018

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#### **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:

Fund	Department	Budget	Expenditures
General	Fire Department	\$ 30,000	\$ 49,787
General	Garbage	919,143	938,848

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

**VILLAGE OF FOX LAKE, ILLINOIS**

**SCHEDULE OF DETAILED REVENUES -  
BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended April 30, 2018

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Taxes				
General	\$ 1,846,469	\$ 1,835,500	\$ 1,837,026	\$ 1,526
IMRF	131,603	131,240	131,390	150
Insurance	366,020	364,300	364,624	324
Utility tax - electricity	424,725	424,725	420,771	(3,954)
Utility tax - natural gas	91,217	91,217	121,912	30,695
Utility tax - telephone	189,305	189,305	166,389	(22,916)
Use tax	266,586	260,264	279,758	19,494
Hotel/motel taxes	4,750	4,220	4,484	264
Road and bridge taxes	136,744	141,300	141,530	230
Rental car taxes	100	100	194	94
Places for eating taxes	395,000	395,000	397,365	2,365
Video gaming proceeds	280,000	280,000	297,426	17,426
 Total taxes	 4,132,519	 4,117,171	 4,162,869	 45,698
Intergovernmental revenues				
Income taxes	1,064,237	893,062	959,323	66,261
Personal property replacement tax	57,136	57,136	60,084	2,948
Sales taxes	3,291,869	3,226,032	3,210,499	(15,533)
 Total intergovernmental revenues	 4,413,242	 4,176,230	 4,229,906	 53,676
Franchise fees	145,000	145,000	158,146	13,146
Building and zoning fees				
Building permits	115,000	155,000	199,905	44,905
Zoning permits	500	6,600	9,895	3,295
Impact fees	40,000	44,000	60,000	16,000
 Total building and zoning fees	 155,500	 205,600	 269,800	 64,200
Licenses and fees				
Vehicle stickers	116,000	145,000	184,951	39,951
Licenses - animals	3,050	3,050	3,390	340
Licenses - liquor	44,558	52,951	55,912	2,961
Licenses - business	24,000	24,000	21,075	(2,925)
 Total licenses and fees	 187,608	 225,001	 265,328	 40,327

(This schedule is continued on the following pages.)

**VILLAGE OF FOX LAKE, ILLINOIS**

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

For the Year Ended April 30, 2018

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES (Continued)</b>				
Park and recreation fees				
Program fees	\$ 60,140	\$ 60,140	\$ 59,374	\$ (766)
Donations - parks	100	1,000	1,200	200
Sponsorships	6,000	6,000	-	(6,000)
Pace fees	3,500	3,240	3,525	285
	<hr/>	<hr/>	<hr/>	<hr/>
Park and recreation fees	69,740	70,380	64,099	(6,281)
Public safety fines and fees				
Court fines	260,000	300,000	423,944	123,944
Court fines - DUI	3,600	7,000	9,955	2,955
Ordinance and parking fines	96,000	146,000	148,078	2,078
	<hr/>	<hr/>	<hr/>	<hr/>
Public safety fines and fees	359,600	453,000	581,977	128,977
Public safety special revenue				
Forfeitures - seized assets	-	6,151	7,199	1,048
Police revenue - abandoned property	-	263	263	-
Police revenue - SRO	61,260	61,260	61,500	240
Police revenue - gaming tax	1,700	1,700	886	(814)
Police revenue - reports	1,500	1,500	2,095	595
	<hr/>	<hr/>	<hr/>	<hr/>
Total public safety special revenue	64,460	70,874	71,943	1,069
Reimbursable income				
Engineering reimbursable fees	22,000	22,000	11,309	(10,691)
Attorney reimbursable fees	2,000	2,000	480	(1,520)
Motor pool reimbursable expense	52,100	52,100	75,490	23,390
Fire department reimbursable expense	30,000	30,000	51,695	21,695
Insurance reimbursable	-	442	12,143	11,701
Public safety reimbursable expense	15,000	50,000	61,350	11,350
Streets reimbursable expense	-	-	362	362
Workers' compensation reimbursable expense	-	4,000	3,908	(92)
Building/zoning reimbursable expense	20,000	4,000	206	(3,794)
Employee/elected official reimbursable expense	500	1,000	2,994	1,994
	<hr/>	<hr/>	<hr/>	<hr/>
Total reimbursable income	141,600	165,542	219,937	54,395
Grant revenue				
Grant revenue	30,000	30,000	-	(30,000)
Grant revenue - vest	-	-	3,192	3,192
Grant revenue - tobacco	2,500	2,500	(1,426)	(3,926)
Grant revenue - parks	600,000	796,100	796,100	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total grant revenue	632,500	828,600	797,866	(30,734)

(This schedule is continued on the following page.)

**VILLAGE OF FOX LAKE, ILLINOIS**

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

For the Year Ended April 30, 2018

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES (Continued)</b>				
Garbage revenues				
Garbage fees	\$ 929,060	\$ 929,060	\$ 969,538	\$ 40,478
Garbage penalties	16,800	16,800	20,737	3,937
Recycling rebate	-	-	5,665	5,665
 Total garbage revenues	 945,860	 945,860	 995,940	 50,080
Contractual revenue				
Rental income	98,987	98,987	103,454	4,467
Rental income - gun range	400	-	-	-
Rental income 911 center	15,015	15,015	15,015	-
Externality fee	226,303	226,303	294,077	67,774
 Total contractual revenue	 340,705	 340,305	 412,546	 72,241
Other revenue				
Interest income	22,000	56,702	78,907	22,205
Donations	-	28,605	28,605	-
Shop with a cop	-	600	735	135
Sale-fixed assets	11,000	11,000	14,316	3,316
Other revenue	-	21,418	31,014	9,596
 Total other revenue	 33,000	 118,325	 153,577	 35,252
 <b>TOTAL REVENUES</b>	 \$ 11,621,334	 \$ 11,861,888	 \$ 12,383,934	 \$ 522,046

(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, 2018

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>GENERAL GOVERNMENT</b>				
Expenditures				
Current				
General government				
Administration				
Wages	\$ 486,488	\$ 497,241	\$ 466,225	\$ (31,016)
Wages - elected officials	48,600	46,846	46,114	(732)
Overtime	600	600	2,643	2,043
Health insurance	73,704	93,798	91,831	(1,967)
Life insurance	564	594	511	(83)
Social Security and Medicare	35,694	36,284	35,823	(461)
IMRF	59,144	60,092	48,665	(11,427)
Building maintenance	28,000	28,000	24,752	(3,248)
Professional services	125,000	70,000	39,142	(30,858)
Audit services	10,929	10,929	7,500	(3,429)
Payroll service fees	10,026	2,500	1,540	(960)
Legal services	150,000	100,000	52,499	(47,501)
Labor attorney	95,000	50,000	20,012	(29,988)
Technology	45,000	103,000	114,825	11,825
Postage	20,600	20,600	17,132	(3,468)
Photocopy	8,000	8,000	8,171	171
Printing	21,700	13,200	15,024	1,824
Recording fees	5,000	-	-	-
Publishing	7,000	9,600	9,679	79
Memberships	14,366	14,366	11,798	(2,568)
Travel	9,000	5,000	4,050	(950)
Training	14,650	13,000	4,424	(8,576)
Tuition reimbursement	1,500	1,500	405	(1,095)
Utilities	11,000	6,000	6,624	624
Credit card and bank charges	7,200	7,200	10,873	3,673
Building incentives	277,500	285,000	183,290	(101,710)
Building maintenance supplies	1,500	1,500	232	(1,268)
Office supplies	4,800	4,800	4,378	(422)
Operating supplies	5,000	8,000	5,879	(2,121)
Fuel	440	440	169	(271)
Software	3,000	-	-	-
Special events	-	300	325	25
Refunds	1,500	3,300	2,219	(1,081)
Employee recognition	2,500	3,000	2,961	(39)
Miscellaneous expense	2,000	2,000	1,787	(213)
Externality fee refund - RLB	23,096	23,096	21,771	(1,325)
Externality fee refund - Lake	75,964	75,964	-	(75,964)
Allocated expense	(648,400)	(648,400)	(478,821)	169,579
Total administration	1,037,665	957,350	784,452	(172,898)

(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, 2018

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>GENERAL GOVERNMENT (Continued)</b>				
Expenditures (Continued)				
Current (Continued)				
General government (Continued)				
Insurance				
Liability and workers' compensation insurance	\$ 215,000	\$ 215,000	\$ 178,425	\$ (36,575)
Insurance deductible expense	150,000	150,000	44,644	(105,356)
Total insurance	365,000	365,000	223,069	(141,931)
Total general government	1,402,665	1,322,350	1,007,521	(314,829)

**PUBLIC SAFETY**

Expenditures				
Current				
Police department				
Wages - administration	554,121	530,192	548,581	18,389
Wages - part-time	161,000	151,426	64,798	(86,628)
Wages - sworn officers	1,839,018	1,798,343	1,801,551	3,208
Overtime	220,220	350,289	297,696	(52,593)
Health insurance	554,796	554,901	374,187	(180,714)
Life insurance	2,033	2,063	2,495	432
Social Security and Medicare	70,993	71,395	65,302	(6,093)
IMRF	13,001	14,381	14,726	345
Police pension - taxes	503,390	503,390	504,177	787
Police pension - Village portion	205,000	205,000	152,500	(52,500)
Building maintenance	41,764	41,764	32,203	(9,561)
Equipment maintenance	34,550	34,550	22,297	(12,253)
Vehicle maintenance	4,800	13,000	13,364	364
Professional services	66,840	70,000	60,514	(9,486)
Legal services	235,000	135,000	191,663	56,663
Dispatching	602,757	602,757	573,089	(29,668)
Prisoner meals	300	300	-	(300)
Animal care and control	750	750	180	(570)
Technology	153,286	153,286	68,723	(84,563)
Postage	1,500	1,500	2,259	759
Printing	5,400	5,400	2,601	(2,799)
Memberships	22,085	22,085	16,980	(5,105)
Travel	2,900	2,900	643	(2,257)
Training	29,454	37,500	30,365	(7,135)
Utilities	20,000	20,000	23,806	3,806
Office supplies	10,000	10,000	9,948	(52)
Operating supplies	52,500	52,500	36,841	(15,659)
Community relations	2,000	2,000	2,474	474
Uniforms	37,586	40,000	39,370	(630)
Fuel	47,500	47,500	46,446	(1,054)

(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, 2018

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>PUBLIC SAFETY (Continued)</b>				
Expenditures (Continued)				
Current (Continued)				
Police department (Continued)				
Employee recognition	\$ 900	\$ 900	\$ 917	\$ 17
Shop with a cop	6,000	2,500	2,321	(179)
DUI expense	500	2,000	1,518	(482)
Investigation expense	1,500	1,500	-	(1,500)
Narcotics expense	600	1,000	1,000	-
Seized asset expense	1,000	1,000	5,445	4,445
 Total police department	 5,505,044	 5,483,072	 5,010,980	 (472,092)
Fire department				
Fire department billable expenses	30,000	30,000	49,787	19,787
 Total fire department	 30,000	 30,000	 49,787	 19,787
 Total public safety	 5,535,044	 5,513,072	 5,060,767	 (452,305)
<b>PUBLIC WORKS</b>				
Expenditures				
Current				
Streets				
Wages	453,905	442,828	426,160	(16,668)
Wages - part-time	26,000	26,000	7,064	(18,936)
Overtime	25,000	25,000	15,314	(9,686)
Health insurance	92,304	94,425	69,931	(24,494)
Life insurance	739	763	724	(39)
Social Security and Medicare	35,847	35,140	33,261	(1,879)
IMRF	51,129	50,117	47,755	(2,362)
Building maintenance	8,000	8,000	80,053	72,053
Equipment maintenance	750	1,000	602	(398)
Street maintenance	10,000	12,000	8,305	(3,695)
Professional services	40,000	40,000	29,482	(10,518)
Engineering services	30,000	30,000	14,074	(15,926)
Legal services	-	-	150	150
Technology	750	1,500	1,815	315
Postage	50	50	50	-
Memberships	650	650	587	(63)
Training	1,200	1,200	612	(588)
Utilities	7,500	7,500	5,398	(2,102)
Electricity charges	90,000	70,000	57,785	(12,215)
Building maintenance supplies	5,000	10,000	1,291	(8,709)
Equipment maintenance supplies	2,000	20,000	7,153	(12,847)

(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, 2018

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>PUBLIC WORKS (Continued)</b>				
Expenditures (Continued)				
Current (Continued)				
Streets (Continued)				
Office supplies	\$ 500	\$ 650	\$ 473	\$ (177)
Operating supplies	51,000	85,000	53,863	(31,137)
Small tools	6,000	6,000	2,888	(3,112)
Uniforms	5,500	5,500	4,898	(602)
Stone and concrete	8,000	8,000	4,305	(3,695)
Sign program	2,000	2,000	803	(1,197)
Fuel	38,000	38,000	29,213	(8,787)
Employee recognition	250	250	310	60
Allocated expense	(547,910)	(547,910)	(404,067)	143,843
Total streets	444,164	473,663	500,252	26,589
Motor pool				
Wages	248,117	219,122	219,767	645
Overtime	5,250	5,250	1,794	(3,456)
Health insurance	54,832	53,766	53,247	(519)
Life insurance	370	369	310	(59)
Social Security and Medicare	19,035	16,820	15,979	(841)
IMRF	26,918	33,012	32,658	(354)
Building maintenance	32,500	32,500	31,909	(591)
Professional services	20,400	20,400	1,070	(19,330)
Motor pool reimbursable expense	7,315	7,315	6,110	(1,205)
Technology	2,845	2,845	2,330	(515)
Memberships	500	500	283	(217)
Training	1,680	1,680	548	(1,132)
Utilities	900	900	424	(476)
Building maintenance supplies	2,500	2,500	697	(1,803)
Office supplies	700	700	384	(316)
Operating supplies	124,904	124,904	121,946	(2,958)
Small tools	20,444	8,000	5,058	(2,942)
Uniforms	2,243	2,243	2,089	(154)
Fuel	1,968	1,968	1,421	(547)
Employee recognition	200	200	-	(200)
Total motor pool	573,621	534,994	498,024	(36,970)
Garbage				
Postage	1,040	1,040	921	(119)
Refunds	-	-	32	32
Garbage disposal	918,103	918,103	937,895	19,792
Total garbage	919,143	919,143	938,848	19,705
Total public works	1,936,928	1,927,800	1,937,124	9,324

(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, 2018

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>PARKS AND RECREATION</b>				
Expenditures				
Current				
Parks and recreation				
Wages	\$ 55,000	\$ 47,131	\$ 44,611	\$ (2,520)
Wages - part-time	45,284	34,923	27,784	(7,139)
Overtime	-	-	888	888
Health insurance	20,254	22,880	11,111	(11,769)
Life insurance	92	139	85	(54)
Social Security and Medicare	7,471	6,057	5,395	(662)
IMRF	5,632	3,012	4,805	1,793
Building maintenance	18,000	25,000	29,604	4,604
Equipment maintenance	5,000	5,000	7,357	2,357
Professional services	26,400	15,400	10,093	(5,307)
Technology	5,000	3,000	2,435	(565)
Postage	2,500	2,500	-	(2,500)
Printing	3,500	4,500	455	(4,045)
Advertising	5,000	6,000	2,377	(3,623)
Memberships	1,300	1,300	913	(387)
Travel	1,000	500	-	(500)
Training	2,000	1,000	-	(1,000)
Utilities	14,000	15,000	14,381	(619)
Pace program - rental fee	1,300	1,300	1,448	148
Building maintenance supplies	8,000	8,000	3,218	(4,782)
Office supplies	10,000	10,000	8,292	(1,708)
Operating supplies	1,000	1,000	1,351	351
Fuel	1,200	1,200	1,264	64
Employee recognition	100	100	-	(100)
Refunds	1,500	1,500	1,675	175
Special events	65,000	70,000	70,000	-
Programs	100,000	100,000	93,390	(6,610)
Total parks and recreation	405,533	386,442	342,932	(43,510)

**COMMUNITY DEVELOPMENT**

Expenditures

Current

Community development				
Wages	200,554	207,469	218,450	10,981
Wages - part-time	30,410	21,364	6,089	(15,275)
Overtime	1,000	2,250	1,857	(393)
Health insurance	68,755	68,730	67,213	(1,517)
Life insurance	370	500	308	(192)
Social Security and Medicare	17,988	18,198	15,695	(2,503)
IMRF	24,066	24,343	23,671	(672)
Equipment maintenance	6,800	6,800	5,669	(1,131)

(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, 2018

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>COMMUNITY DEVELOPMENT (Continued)</b>				
Expenditures (Continued)				
Current (Continued)				
Community development (Continued)				
Professional services	\$ 93,000	\$ 29,000	\$ 21,000	\$ (8,000)
Engineering services	10,000	7,000	4,842	(2,158)
Billable engineering fees	15,000	8,000	10,418	2,418
Billable building and zoning expense	4,500	3,000	2,272	(728)
Legal services	10,000	12,000	9,351	(2,649)
Billable attorney fees	9,000	5,000	3,555	(1,445)
Technology	9,000	12,000	10,700	(1,300)
Postage	500	500	183	(317)
Printing	2,000	2,000	1,678	(322)
Publishing	1,000	2,000	1,258	(742)
Memberships	2,000	2,000	1,564	(436)
Travel	500	500	227	(273)
Training	3,000	2,000	540	(1,460)
Tuition reimbursement	3,000	-	-	-
Utilities	2,520	2,520	2,776	256
Office supplies	2,500	2,500	3,805	1,305
Community programs	35,000	35,000	29,564	(5,436)
Uniforms	300	300	281	(19)
Signs	15,000	15,000	6,594	(8,406)
Refunds	100	100	65	(35)
Fuel	1,400	1,400	1,422	22
Employee recognition	150	150	150	-
Total community development	<u>569,413</u>	<u>491,624</u>	<u>451,197</u>	<u>(40,427)</u>
<b>GRANT EXPENSE</b>				
Police tobacco	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
Total grant expense	<u>300</u>	<u>300</u>	<u>-</u>	<u>(300)</u>
<b>CAPITAL OUTLAY</b>				
Expenditures				
Current				
Capital outlay	1,625,000	1,625,000	747,629	(877,371)
Capital outlay - public safety	90,000	90,000	114,819	24,819
Capital outlay - streets	846,000	846,000	400,011	(445,989)
Total capital outlay	<u>2,561,000</u>	<u>2,561,000</u>	<u>1,262,459</u>	<u>(1,298,541)</u>

(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, 2018

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>DEBT SERVICE</b>				
Expenditures				
Current				
Principal	\$ 451,518	\$ 451,519	\$ 451,518	\$ (1)
Interest	118,616	118,614	114,537	(4,077)
Total debt service	<u>570,134</u>	<u>570,133</u>	<u>566,055</u>	<u>(4,078)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 12,981,017</u>	<u>\$ 12,772,721</u>	<u>\$ 10,628,055</u>	<u>\$ (2,144,666)</u>

(See independent auditor's report.)

**VILLAGE OF FOX LAKE, ILLINOIS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2018

	<b>Special Revenue</b>					<b>Total</b>
	<b>Tax Increment Financing</b>	<b>Motor Fuel Tax</b>	<b>Business Development District South</b>	<b>Business Development District Central</b>	<b></b>	
<b>ASSETS</b>						
Cash and investments	\$ 373,806	\$ 1,286,420	\$ -	\$ -	\$ -	\$ 1,660,226
Receivables, net						
Property taxes	50,265	-	128,992	93,067	-	50,265
Intergovernmental	-	24,218	-	-	-	246,277
Inventories	-	16,125	-	-	-	16,125
<b>TOTAL ASSETS</b>	<b>\$ 424,071</b>	<b>\$ 1,326,763</b>	<b>\$ 128,992</b>	<b>\$ 93,067</b>	<b>\$ -</b>	<b>\$ 1,972,893</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 349	\$ 31,829	\$ 27,966	\$ 21,489	\$ 81,633	
Due to other funds	2,544	157,546	11,807	3,136	175,033	
Total liabilities	2,893	189,375	39,773	24,625	256,666	
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable property taxes	50,265	-	-	-	-	50,265
Total deferred inflows of resources	50,265	-	-	-	-	50,265
Total liabilities and deferred inflows of resources	53,158	189,375	39,773	24,625	306,931	
<b>FUND BALANCES</b>						
Nonspendable for inventory	-	16,125	-	-	-	16,125
Restricted for economic development	370,913	-	89,219	68,442	-	528,574
Restricted for maintenance of roadways	-	1,121,263	-	-	-	1,121,263
Total fund balances	370,913	1,137,388	89,219	68,442	-	1,665,962
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 424,071</b>	<b>\$ 1,326,763</b>	<b>\$ 128,992</b>	<b>\$ 93,067</b>	<b>\$ -</b>	<b>\$ 1,972,893</b>

(See independent auditor's report.)

**VILLAGE OF FOX LAKE, ILLINOIS**

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

For the Year Ended April 30, 2018

---

	<b>Special Revenue</b>					<b>Total</b>
	<b>Tax Increment Financing</b>	<b>Motor Fuel Tax</b>	<b>Business Development District South</b>	<b>Business Development District Central</b>	<b></b>	
<b>REVENUES</b>						
Taxes	\$ 44,257	\$ -	\$ -	\$ -	\$ 44,257	
Intergovernmental	- -	280,394	169,731	121,836	571,961	
Investment income	4,382	11,826	- -	- -	16,208	
<b>Total revenues</b>	<b>48,639</b>	<b>292,220</b>	<b>169,731</b>	<b>121,836</b>	<b>632,426</b>	
<b>EXPENDITURES</b>						
Current						
General government	- -	- -	54,645	32,926	87,571	
Public works	- -	119,240	- -	- -	119,240	
Economic development	13,712	- -	- -	- -	13,712	
Capital outlay	- -	184,918	25,867	20,468	231,253	
<b>Total expenditures</b>	<b>13,712</b>	<b>304,158</b>	<b>80,512</b>	<b>53,394</b>	<b>451,776</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>34,927</b>	<b>(11,938)</b>	<b>89,219</b>	<b>68,442</b>	<b>180,650</b>	
<b>FUND BALANCES, MAY 1</b>	<b>335,986</b>	<b>1,149,326</b>	<b>- -</b>	<b>- -</b>	<b>1,485,312</b>	
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 370,913</b>	<b>\$ 1,137,388</b>	<b>\$ 89,219</b>	<b>\$ 68,442</b>	<b>\$ 1,665,962</b>	

(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**

For the Year Ended April 30, 2018

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Taxes	\$ 22,500	\$ 44,247	\$ 44,257	\$ 10
Investment income	- -	3,270	4,382	1,112
Total revenues	<u>22,500</u>	<u>47,517</u>	<u>48,639</u>	<u>1,122</u>
<b>EXPENDITURES</b>				
Current				
Community development	22,808	22,808	13,712	(9,096)
Capital outlay	<u>250,000</u>	<u>250,000</u>	-	(250,000)
Total expenditures	<u>272,808</u>	<u>272,808</u>	<u>13,712</u>	<u>(259,096)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (250,308)</u>	<u>\$ (225,291)</u>	<u>34,927</u>	<u>\$ 260,218</u>
FUND BALANCE, MAY 1			<u>335,986</u>	
<b>FUND BALANCE, APRIL 30</b>			<u>\$ 370,913</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**

For the Year Ended April 30, 2018

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental				
Allotments earned	\$ 272,409	\$ 272,410	\$ 280,394	\$ 7,984
Investment income	-	8,000	11,826	3,826
 Total revenues	 272,409	 280,410	 292,220	 11,810
<b>EXPENDITURES</b>				
Current				
Public works				
Public works	239,000	229,000	119,240	(109,760)
Capital outlay	350,000	350,000	184,918	(165,082)
 Total expenditures	 589,000	 579,000	 304,158	 (274,842)
 NET CHANGE IN FUND BALANCE	 \$ (316,591)	 \$ (298,590)	 \$ (11,938)	 \$ 286,652
 FUND BALANCE, MAY 1			 1,149,326	
 <b>FUND BALANCE, APRIL 30</b>			 \$ 1,137,388	

(See independent auditor's report.)

**VILLAGE OF FOX LAKE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
BUSINESS DEVELOPMENT DISTRICT - SOUTH**

For the Year Ended April 30, 2018

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental				
Sales tax	\$ 265,000	\$ 265,000	\$ 169,731	\$ (95,269)
Total revenues	<u>265,000</u>	<u>265,000</u>	<u>169,731</u>	<u>(95,269)</u>
<b>EXPENDITURES</b>				
General government				
Administration				
Professional services	75,000	75,000	54,645	(20,355)
Capital outlay	190,000	190,000	25,867	(164,133)
Total expenditures	<u>265,000</u>	<u>265,000</u>	<u>80,512</u>	<u>(184,488)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>89,219</u>	<u>\$ 89,219</u>
<b>FUND BALANCE, MAY 1</b>				
<b>FUND BALANCE, APRIL 30</b>			<u>\$ 89,219</u>	

(See independent auditor's report.)

**VILLAGE OF FOX LAKE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
BUSINESS DEVELOPMENT DISTRICT - CENTRAL**

For the Year Ended April 30, 2018

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental				
Sales tax	\$ 160,000	\$ 160,000	\$ 121,836	\$ (38,164)
Total revenues	<u>160,000</u>	<u>160,000</u>	<u>121,836</u>	<u>(38,164)</u>
<b>EXPENDITURES</b>				
General government				
Administration				
Professional services	50,000	50,000	32,926	(17,074)
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>20,468</u>	<u>(4,532)</u>
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>53,394</u>	<u>(21,606)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>68,442</u>	<u>\$ (16,558)</u>
FUND BALANCE, MAY 1			-	
<b>FUND BALANCE, APRIL 30</b>			<u>\$ 68,442</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**

For the Year Ended April 30, 2018

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>OPERATING REVENUES</b>				
Water/sewer fees	\$ 4,045,622	\$ 4,045,622	\$ 4,071,181	\$ 25,559
Tap-on fees	85,200	165,000	222,163	57,163
Miscellaneous	94,140	107,000	177,505	70,505
 Total operating revenues	 4,224,962	 4,317,622	 4,470,849	 153,227
<b>OPERATING EXPENSES</b>				
Personnel services	748,654	632,620	612,943	(19,677)
Contractual services/commodities	1,608,141	1,546,656	1,065,692	(480,964)
Depreciation	863,872	863,872	777,686	(86,186)
 Total operating expenses	 3,220,667	 3,043,148	 2,456,321	 (586,827)
 OPERATING INCOME	 1,004,295	 1,274,474	 2,014,528	 740,054
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	7,000	40,000	49,804	9,804
Proceeds from IEPA loan	1,075,895	733,363	1,279,514	546,151
Gain (loss) on sale of assets	8,200	8,200	22,919	14,719
Interest expense	(118,732)	(118,732)	(144,278)	(25,546)
Principal expense	(304,202)	(304,202)	(304,202)	-
 Total non-operating revenues (expenses)	 668,161	 358,629	 903,757	 545,128
 INCOME BEFORE SPECIAL ITEM	 1,672,456	 1,633,103	 2,918,285	 1,285,182
Special item	-	-	750,000	750,000
 CHANGE IN NET POSITION (BUDGETARY BASIS)	 \$ 1,672,456	 \$ 1,633,103	 3,668,285	 \$ 2,035,182
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Proceeds from IEPA loan			(1,279,514)	
Principal expense			304,202	
 Total adjustments to GAAP basis			 (975,312)	
 CHANGE IN NET POSITION (GAAP BASIS)			 2,692,973	
 NET POSITION, MAY 1			 16,578,642	
Prior period adjustment			(183,011)	
 NET POSITION, MAY 1, RESTATED			 16,395,631	
 <b>NET POSITION, APRIL 30</b>	 \$ 19,088,604			

(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**

For the Year Ended April 30, 2018

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>OPERATING REVENUES</b>				
Sewer fees	\$ 4,800,500	\$ 4,789,500	\$ 4,812,112	\$ 22,612
Tap-on fees	120,000	148,000	1,564,240	1,416,240
Miscellaneous	-	375	4,550	4,175
 Total operating revenues	 4,920,500	 4,937,875	 6,380,902	 1,443,027
<b>OPERATING EXPENSES</b>				
Personnel services	1,517,488	1,468,644	1,343,744	(124,900)
Contractual services/commodities	2,939,802	2,768,613	2,498,640	(269,973)
Depreciation	2,078,146	2,070,646	1,978,021	(92,625)
 Total operating expenses	 6,535,436	 6,307,903	 5,820,405	 (487,498)
 <b>OPERATING INCOME (LOSS)</b>	 (1,614,936)	 (1,370,028)	 560,497	 1,930,525
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain (loss) on sale of assets	1,500	1,500	19,213	17,713
Investment income	31,000	104,550	134,926	30,376
 Total non-operating revenues (expenses)	 32,500	 106,050	 154,139	 48,089
 <b>INCOME (LOSS) BEFORE SPECIAL ITEM</b>	 (1,582,436)	 (1,263,978)	 714,636	 1,978,614
<b>SPECIAL ITEM</b>				
Special item	75,964	75,964	-	(75,964)
 Total special item	 75,964	 75,964	 -	 (75,964)
 <b>CHANGE IN NET POSITION (BUDGETARY BASIS)</b>	 \$ (1,506,472)	 \$ (1,188,014)	 714,636	 \$ 1,902,650
 <b>NET POSITION, MAY 1</b>			 50,973,842	
Prior period adjustment			(426,011)	
 <b>NET POSITION, MAY 1, RESTATED</b>			 50,547,831	
 <b>NET POSITION, APRIL 30</b>			 \$ 51,262,467	

(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**

For the Year Ended April 30, 2018

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>OPERATING REVENUES</b>				
911 fees	\$ 97,500	\$ 97,500	\$ 132,221	\$ 34,721
Fees for services	1,194,782	1,194,782	1,100,574	(94,208)
Miscellaneous income	-	-	3,564	3,564
 Total operating revenues	 1,292,282	 1,292,282	 1,236,359	 (55,923)
<b>OPERATING EXPENSES</b>				
Personnel services	990,899	868,390	869,360	970
Contractual services/commodities	348,794	343,094	264,954	(78,140)
Depreciation	84,779	84,779	40,825	(43,954)
 Total operating expenses	 1,424,472	 1,296,263	 1,175,139	 (121,124)
<b>OPERATING INCOME (LOSS)</b>	<b>(132,190)</b>	<b>(3,981)</b>	<b>61,220</b>	<b>65,201</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	-	1,000	1,418	418
Interest expense	(774)	(774)	(734)	40
Principal expense	(3,575)	(3,575)	(3,575)	-
 Total non-operating revenues (expenses)	 (4,349)	 (3,349)	 (2,891)	 458
<b>CHANGE IN NET POSITION (BUDGETARY BASIS)</b>	<b>\$ (136,539)</b>	<b>\$ (7,330)</b>	<b>\$ 58,329</b>	<b>\$ 65,659</b>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Principal expense			3,575	
Total adjustments to GAAP basis			3,575	
<b>CHANGE IN NET POSITION (GAAP BASIS)</b>			<b>61,904</b>	
<b>NET POSITION (DEFICIT), MAY 1</b>			<b>(45,236)</b>	
Prior period adjustment			(188,662)	
<b>NET POSITION (DEFICIT), MAY 1, RESTATED</b>			<b>(233,898)</b>	
<b>NET POSITION (DEFICIT), APRIL 30</b>			<b>\$ (171,994)</b>	

(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**

For the Year Ended April 30, 2018

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>OPERATING REVENUES</b>				
Parking fees	\$ 110,000	\$ 110,000	\$ 107,809	\$ (2,191)
Total operating revenues	110,000	110,000	107,809	(2,191)
<b>OPERATING EXPENSES</b>				
Personnel services	30,235	29,770	41,890	12,120
Contractual services/commodities	86,799	88,299	62,734	(25,565)
Depreciation	9,400	9,400	5,036	(4,364)
Total operating expenses	126,434	127,469	109,660	(17,809)
OPERATING INCOME (LOSS)	(16,434)	(17,469)	(1,851)	15,618
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	-	125	227	102
Total non-operating revenues (expenses)	-	125	227	102
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ (16,434)</u>	<u>\$ (17,344)</u>	<u>(1,624)</u>	<u>\$ 15,720</u>
NET POSITION, MAY 1			294,289	
Prior period adjustment			(8,042)	
NET POSITION, MAY 1, RESTATED			<u>286,247</u>	
<b>NET POSITION, APRIL 30</b>			<u>\$ 284,623</u>	

(See independent auditor's report.)

**VILLAGE OF FOX LAKE, ILLINOIS**

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

For the Year Ended April 30, 2018

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>ADDITIONS</b>				
Contributions				
Employer contributions	\$ 708,390	\$ 708,390	\$ 656,677	\$ (51,713)
Plan members contributions	187,034	191,215	189,901	(1,314)
Total contributions	<u>895,424</u>	<u>899,605</u>	<u>846,578</u>	<u>(53,027)</u>
Investment income				
Net appreciation in fair value of investments	-	-	785,032	785,032
Investment income	205,000	205,000	392,859	187,859
Total investment income	<u>205,000</u>	<u>205,000</u>	<u>1,177,891</u>	<u>972,891</u>
Less investment expense	(22,000)	(30,000)	(31,422)	(1,422)
Net investment income	<u>183,000</u>	<u>175,000</u>	<u>1,146,469</u>	<u>971,469</u>
Total additions	<u>1,078,424</u>	<u>1,074,605</u>	<u>1,993,047</u>	<u>918,442</u>
<b>DEDUCTIONS</b>				
Pension benefits and refunds	842,640	898,644	795,549	(103,095)
Administration				
Fees	31,600	31,600	43,501	11,901
Total deductions	<u>874,240</u>	<u>930,244</u>	<u>839,050</u>	<u>(91,194)</u>
NET INCREASE	<u>\$ 204,184</u>	<u>\$ 144,361</u>	<u>\$ 1,153,997</u>	<u>\$ 1,009,636</u>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>				
May 1			<u>15,351,067</u>	
April 30			<u>\$ 16,505,064</u>	

(See independent auditor's report.)