

Village of Fox Lake, Illinois

Annual Financial Report

Year End April 30, 2019



Prepared By:
The Finance Department

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, 2019, 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 and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The combining and individual fund financial statements and schedules and supplemental data 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 and supplemental data 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
December 18, 2019

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

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, 2019. 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 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’s governmental activities include general government, public safety, public works, parks and recreation and economic development. The business-type activities include Water and Sewer, Wastewater Reclamation, 911 Dispatch Services, and 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, 2019

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 five enterprise funds, the Water and Sewer Fund, Northwest Region Water Reclamation Fund, 911 Dispatch Fund, Tall Oaks 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, 2019

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 52 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, 2019 was \$105,673,650, which represents an increase of \$4,609,583 compared to April 30, 2018. The Village's net position from governmental activities increased by \$2,589,022 and net position from business-type activities increased by \$2,020,561 over the prior fiscal year. Table 1 below presents a summary of governmental and business-type net position as of April 30, 2019 compared to April 30, 2018. *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, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 18,048,613	\$ 16,670,971	\$ 23,042,692	\$ 20,101,264	\$ 41,091,305	\$ 36,772,235
Capital assets	30,794,415	29,869,957	56,376,266	57,974,494	87,170,681	87,844,451
Total Assets	48,843,028	46,540,928	79,418,958	78,075,758	128,261,986	124,616,686
Deferred outflows of resources						
	1,878,827	1,509,387	1,131,838	212,310	3,010,665	1,721,697
Liabilities						
Current liabilities	1,809,546	1,566,331	624,254	569,444	2,433,800	2,135,775
Noncurrent liabilities	11,970,321	11,177,555	7,208,831	6,510,359	19,179,152	17,687,914
Total Liabilities	13,779,867	12,743,886	7,833,085	7,079,803	21,612,952	19,823,689
Deferred inflows of resources						
	3,752,599	4,706,061	233,450	744,565	3,986,049	5,450,626
Net Position						
Net investment in capital assets	27,988,986	26,521,493	51,210,318	52,439,150	79,199,304	78,960,643
Restricted net position	3,719,845	3,189,208	-	-	3,719,845	3,189,208
Unrestricted net position	1,480,558	889,666	21,273,943	18,024,550	22,754,501	18,914,216
Total Net Position	\$ 33,189,389	\$ 30,600,367	\$ 72,484,261	\$ 70,463,700	\$ 105,673,650	\$ 101,064,067

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

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 2019, governmental activities *net* position totaled \$33,189,389 reflecting an increase of \$2,589,022 over the prior fiscal year. Governmental activities total assets and deferred outflows increased \$2,671,541 and governmental activities total liabilities and deferred inflows increased \$82,519.

The \$2.67M increase in total assets and deferred outflows resulted from a \$1.38M increase in current assets, an increase of \$925K in capital assets, and an increase in pension related assets and deferred outflows of \$369K. The increase in current assets of \$1.38M reflects an increase in internal balances due from the Enterprise Funds of \$1.50M offset by a decrease in other current assets of \$127K. The increase in capital assets of \$925K is attributed to the addition of a dump truck with snow plow and two police vehicles; the completion of the bike path extension across the railroad tracks at Sayton Road; improvements to Police and Streets building roofs and parking lot paving; design costs for significant road projects to be completed in FY20; and the purchase of property on Forest Ave and the donation of a small parcel off of Nippersink Blvd for future Lakefront Park expansion.

The total asset increase was offset by an increase of \$83K in total liabilities and deferred inflows. The current liabilities increased by \$243K, non-current liabilities (compensated absences and debt) by \$793K, and non-pension deferred revenue of \$88K. These increases in liabilities were offset by a reduction in pension related inflows of resources (liability) of \$1.04M.

The increase in total liabilities is attributed to an increase in payables specifically due to accruals for the Sayton Road project, and an increase in noncurrent liabilities attributed to an increase in compensated absences, OPEB benefits, and the net pension liability from IMRF and Police Pension benefits.

Both of the Business District funds' cash positions increased as a result of a full year of sales taxes from the applicable businesses. The Motor Fuel Tax fund net position declined by \$147,168 due to the intentional expenditure of funds for road paving projects. The TIF fund decreased slightly by \$187 due to the expenditure of funds for the sidewalk improvements (located in the TIF district) accomplished in conjunction with the Sayton Road/Route 12 redevelopment project.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

Business-Type Activities

The business-type activities *net* position totals \$72,484,261 which represents an increase of \$2,020,561. Business-type activities total current assets increased by \$2,941,428 and deferred outflows increased by \$919,528 offset by a decline in capital assets of \$1,598,228, for an increase in assets of \$2,262,728. Total liabilities and deferred inflows increased by \$242,167 resulting in the change in net position of \$2,020,561.

The majority of the increase in current liabilities occurred because of the significant increase in cash transfers due to the General Fund of \$1.5M and a \$1.06M increase in the IMRF net pension liability. Capital assets being depreciated decreased by \$2.1M due to depreciation outpacing the investment in assets.

Changes in Net Position

The Village's combined change in net position for FY2019 was an increase of \$4,609,583 compared to \$6,153,174 in the prior fiscal year. Business-type activities saw an increase in net position of \$2,020,561 and governmental activities saw an increase of \$2,589,022 during FY2019. Last fiscal year the Village chose to implement GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Retirement resulting in the prior period adjustment. This decreased the net assets by \$1.15M 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, 2019

Table 2: Comparative Changes in Net Position as of April 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for services	\$ 2,957,032	\$ 3,034,050	\$ 11,387,693	\$ 12,195,919	\$ 14,344,725	\$ 15,229,969
Operating and capital grants	451,225	1,078,260	-	-	451,225	1,078,260
General Revenues						
Property taxes	2,452,584	2,377,296	-	-	2,452,584	2,377,296
All other taxes	7,202,868	6,351,302	-	-	7,202,868	6,351,302
Other Revenues and Transfers	291,840	187,652	440,362	978,507	732,202	1,166,159
Total revenues	13,355,549	13,028,560	11,828,055	13,174,426	25,183,604	26,202,986
Expenses						
General government	1,255,082	1,153,095	-	-	1,255,082	1,153,095
Public safety	5,672,481	5,262,837	-	-	5,672,481	5,262,837
Public works	2,773,112	2,693,105	-	-	2,773,112	2,693,105
Parks & Recreation	472,811	663,833			472,811	663,833
Economic development	507,813	467,981			507,813	467,981
Interest	85,228	102,424	-	-	85,228	102,424
Water & Local Sewer	-	-	2,442,285	2,600,599	2,442,285	2,600,599
Wastewater reclamation			5,863,095	5,820,405	5,863,095	5,820,405
911 Dispatch Service			1,361,711	1,175,873	1,361,711	1,175,873
Parking	-	-	140,403	109,660	140,403	109,660
Total expenses	10,766,527	10,343,275	9,807,494	9,706,537	20,574,021	20,049,812
Change in net position	2,589,022	2,685,285	2,020,561	3,467,889	4,609,583	6,153,174
Net Position - May 1	30,600,367	29,065,037	70,463,700	67,801,537	101,064,067	96,866,574
Prior period adjustment	-	(1,149,955)	-	(805,726)	-	(1,955,681)
Net Position, May 1, as restated	30,600,367	27,915,082	70,463,700	66,995,811	101,064,067	94,910,893
Net Position - April 30	\$ 33,189,389	\$ 30,600,367	\$ 72,484,261	\$ 70,463,700	\$ 105,673,650	\$ 101,064,067

Normal Impacts on Revenues and Expenses

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

Revenues:

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

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

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

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

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

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.

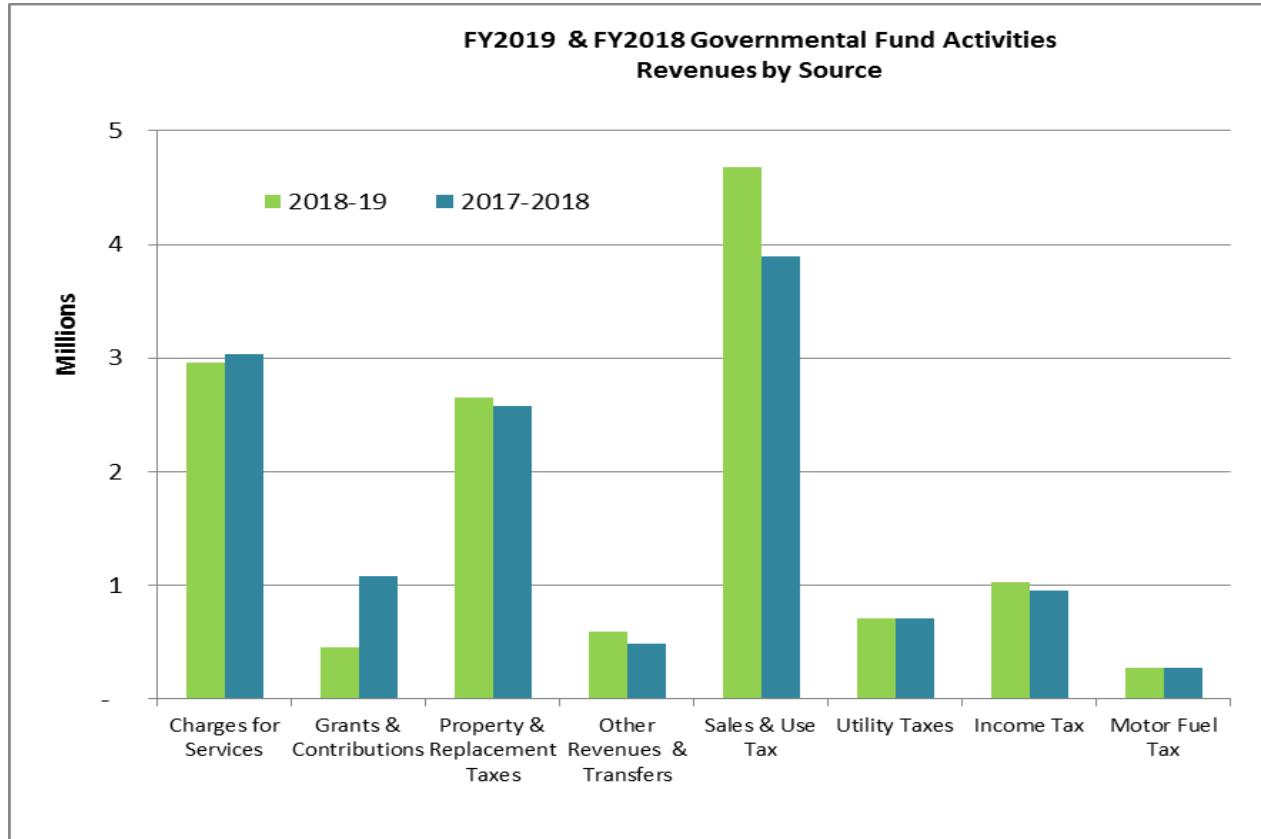
Salary increases (annual adjustments and merit) - The Village has three separate bargaining units representing approximately 50% of the employee population.

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.

Governmental Activities:

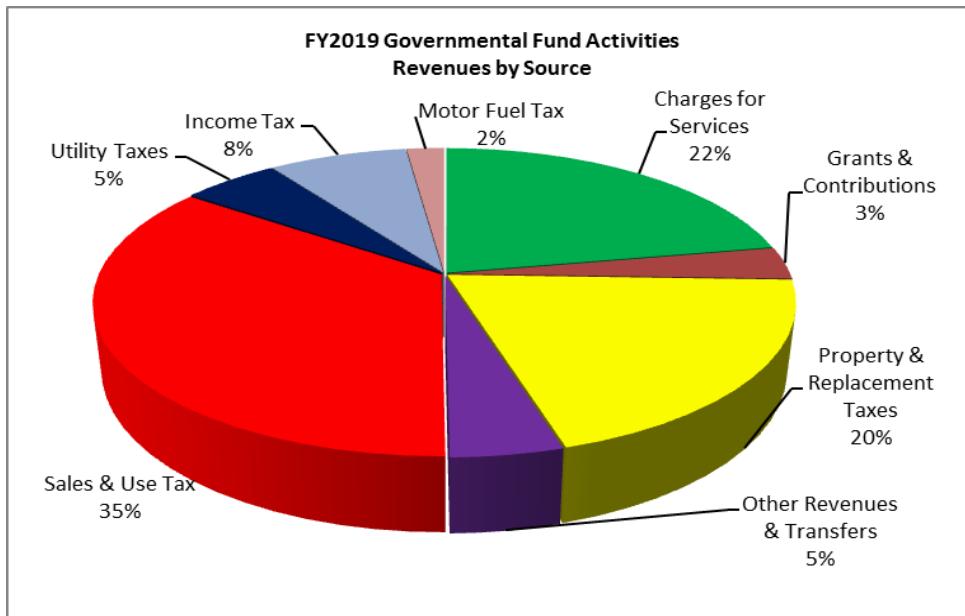
Revenues

The chart on the next page depicts the Governmental Activity Revenue by source for FY2019:



VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

For the fiscal year ended April 30, 2019, revenues from governmental activities totaled \$13,355,549, an increase of \$326,989 or 2.5% from the prior fiscal year.



The Village continues to receive the majority of its revenues from property taxes, charges for services, income taxes, sales and local use taxes, telecommunications and utility taxes, video gaming and other taxes. Sales and Use Taxes, represent the largest revenue source at \$4,683,121 or 35%.

Sales and use taxes increased 20% over the prior year mostly due to a full year of sales taxes from the two new business development districts established in the prior fiscal year, which contributed \$1,147,744 for economic development in two key commercial areas of the Village.

Property taxes (including Police Pension but excluding road and bridge taxes), at \$2,452,584 and 18.4% of total revenues, comprise the third largest single source of governmental activity revenue for the Village. Property taxes received increased over the prior year by 3.2% or \$75,288. The total property tax received during FY19 of \$2,592,276 is restricted for specific purposes, as follows:

<u>Year 2017 (FY19) Property Tax by Purpose</u>	<u>Amount</u>
Audit Tax	\$ 19,273
Corporate	\$928,687
IMRF	\$135,252
Police Pension	\$519,143
Police Protection/System	\$248,123
Social Security	\$170,848
Tort Judgment/Liability Insurance	\$380,970
TIF	\$ 50,288
Road and Bridge	\$139,692
	Subtotal: \$2,452,584
	Total: \$2,592,276

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

Places for eating tax of \$193,013 declined by \$204,352 due to the reduction in the rate from 1.5% to 0.5% effective April 1, 2018. The Board lowered the rate together with the enactment of a 1% sales tax in the Business Districts. 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 \$2,957,032, representing 22.1% of the total Governmental activities revenue. Overall, this source of revenue declined by 2.5% over last fiscal year. The primary revenues in this category are: refuse fees \$995,913, reimbursable expenses and contractual revenue \$623,784, police fines and related special revenues \$528,262, licenses and permit fees \$559,212, and parks and recreational fees \$101,166. 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.

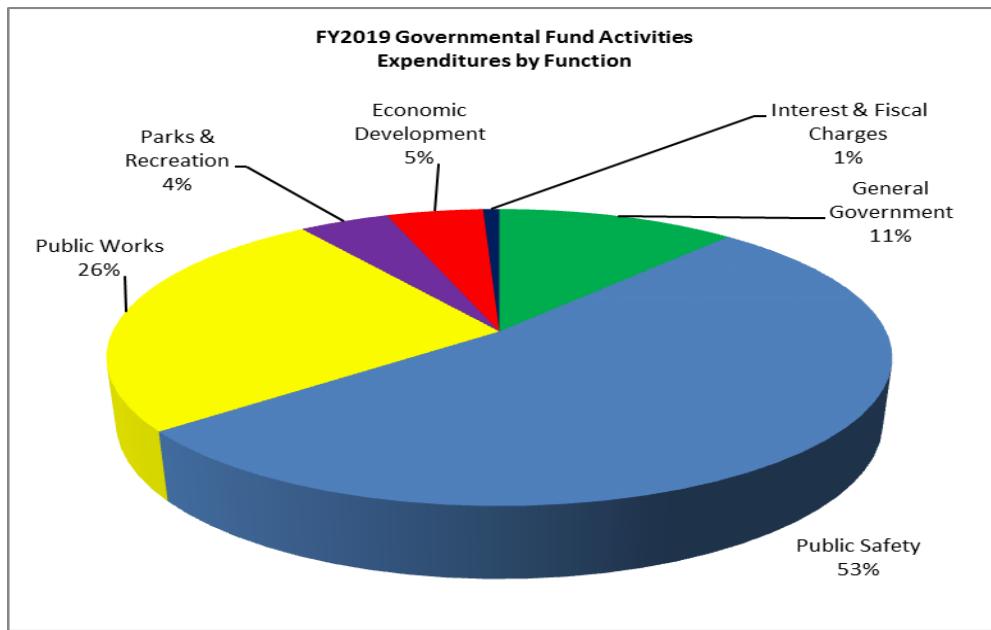
Income taxes which comprise \$1,027,104 or 7.7% of total revenue increased 0.7% over fiscal year 2018. Last fiscal year income taxes decreased 4% primarily due to the State's enactment of Public Act 100-23 that decreased income taxes being distributed to municipalities (from the Local Government Distributive Fund) 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. During fiscal year 2019 this low unemployment remained consistent with the prior year.

Grants decreased substantially in FY19 due to the recognition of a non-repetitive grant of \$796,100, recorded in FY18, for a major park renovation project. Investment income rose by \$146,095 or 153.6% due to the cash reserves for future capital projects. Other miscellaneous revenues decreased by \$21,906 or 30.2% from \$72,537 to \$50,631.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

Expenditures

For the fiscal year ended April 30, 2019, expenditures from governmental activities totaled \$10,766,527, which represents a rise of \$423,252 or 4.1% compared to the prior year.



Public safety represents the largest portion of governmental activity expenses at \$5,672,481. 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 2019, expenditures for public safety, were \$409,644 or 7.8% over the prior year and represented 52.7% of total governmental activity expenditures.

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 2019, expenses for public works totaled \$2,773,112 and represented 25.8% of total governmental activities expenditures. Public works expenses increased \$80,007 or 3.0%, which is consistent with commodity and utility cost increases.

General government is the third major category of governmental activity expenditures. General government includes costs for the Village Council, Village Clerk, administration, legal services, finance, engineering, technology, liability insurance, and utilities. For fiscal year 2019, expenditures for general government were \$1,255,082 which represented 11.7% of total governmental activities costs. General government expenditures rose \$101,987 or 8.8% of which \$78,161 is attributed to the workers compensation and liability insurance premium increase.

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 2019, expenditures for economic development were \$507,813 representing the next largest category of governmental activity expenditures. This category rose \$39,832 or 8.5% and accounts for 5% of the total governmental fund activities expenditures.

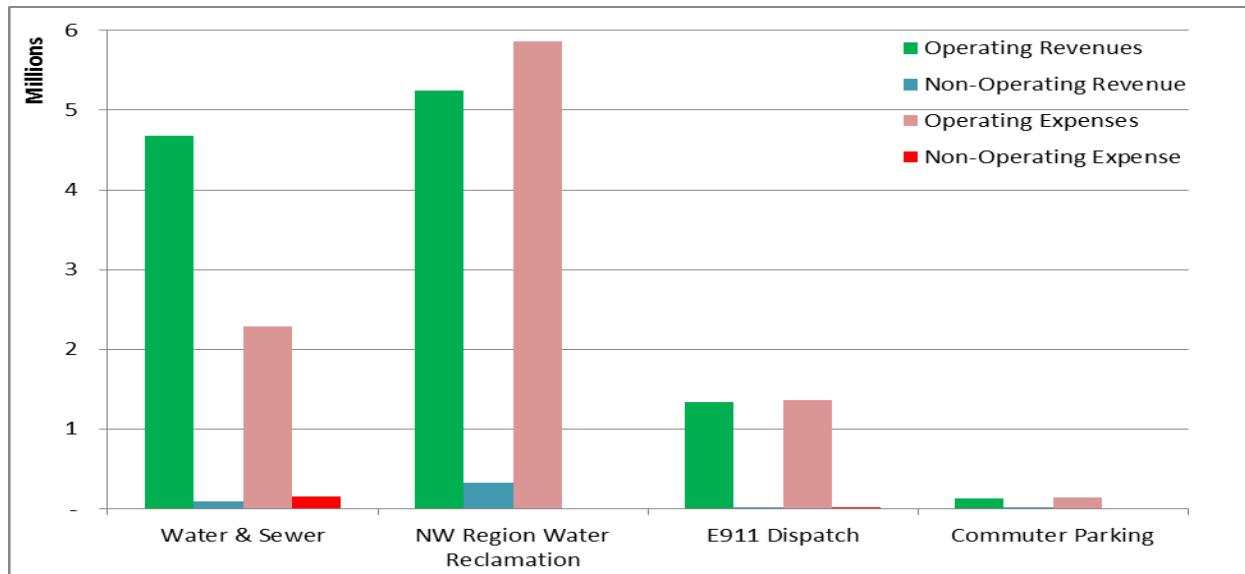
VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

Parks and recreation costs accounts for 4% of the governmental activity expenditures. 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 2019, expenditures of \$472,811 reflected a reduction in expenditures of \$191,022 or 28.8% from the prior fiscal year. This was attributed to the completion in the prior fiscal year of Lakefront Park improvements in the amount of \$431,885 offset by increases in wages and benefits for the full year of a newly created Special Events and Marketing Coordinator position and a change in the Program Coordinator position from part-time to full-time, and a \$50,000 increase in professional services to develop a Parks Master Plan.

Interest and fiscal charges decreased from \$102,424 in the prior fiscal year to \$85,228 this year due to the repayment of debt.

Business-Type Activities

Business-type activities in the Village consist of water operations, waste water reclamation, 911 dispatch center and parking operations. Operating revenues include user fees, tap-on fees and miscellaneous; non-operating revenues include investment income and gains on the sale of assets. Operating expenses comprise personnel services, contractual services and commodities, and depreciation; non-operating expenses include losses on the sale of assets and interest expense on debt. In the Statement of Activities, operating revenues are shown as charge for services.



Revenues:

Total revenues for the Village's business-type activities for fiscal year 2019 were \$11,828,055 compared to \$13,174,426 in fiscal year 2018. This reflects a decrease in total revenues of \$1,346,371 or 10.2% from fiscal year 2018 to 2019.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

In fiscal year 2019, total charge for services was \$11,387,693 with wastewater reclamation revenue representing 46.1%, local water and sewer operations reflects 41.1%, 911 dispatch services was 11.7% and by parking operations accounted for 1.1%. Wastewater reclamation revenues decreased by \$1,132,623 or 17.8% because, in the prior fiscal year, the Village received \$1.4M in tap-on-fees from a significant business connection to the system infrastructure. The local water and sewer charge for services increased \$202,420 or 4.7% over the prior fiscal year. E911 dispatch revenue increased \$97,176 or 7.8% from changes in the contractual services contract payments from the other communities/organizations served by the Village's dispatch operations known as "FoxCom".

Expenses:

Total expenses for the Village's business-type activities for fiscal year 2019 were \$9,807,494 compared to \$9,706,537 in fiscal year 2018. Of the total expenses for business-type activities, \$5,863,095 is attributable to wastewater reclamation, \$2,442,285 to water and sewer operations, \$1,361,711 to 911 dispatch services and \$140,403 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, 2019, the Governmental Funds reported a combined fund balance of \$13,540,747, which is a \$1,288,860, or 10.5% increase from the beginning of the year balance of \$12,251,887. Of the total year-end fund balance \$195,299 is unassigned, \$157,256 is non-spendable, \$3,671,314 is restricted, \$5,140,241 is committed, and \$4,376,637 is assigned. The most significant increase occurred in the assigned for capital projects where the assignment for future projects increased by \$660,429.

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 \$550,051, or 5.2%, from the beginning of year. Even though revenues decreased by \$548,891 or 4.4% and expenditures increased by \$661,043 or 6.3% the fund balance grew because the revenues exceeded the expenditures by \$531,269 from diligent management of costs.

Proprietary Funds

At April 30, 2019, the Enterprise Funds' total net position increased by \$2,020,561 over the prior year from \$70,463,700 to \$72,484,261.

The Water and Sewer Fund reflected an increase in net position of \$2,337,597. This increase was comprised of water fees charged to customers exceeding water related expenses. The Village increased water rates and changed the rate structure based on 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 a decrease in net position of \$284,754. This decrease is attributed to an operating loss of \$614,816 offset by investment income of \$330,062. 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.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

The Commuter Parking fund saw an \$11,699 decrease in net position. While revenues rose in the fund by \$14,801 due to more monitoring of the commuter lots, it was offset by an increase in wages for applicable personnel time allocated to the fund.

The 911 Dispatch Services Fund reflected a \$20,583 decrease in net position. The 911 Dispatch Fund personnel costs increased due to the hiring of an additional dispatcher and from compensation adjustments to more closely match the labor market. 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.

In FY2018, 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 Ordinance #14-36 on 11/25/2014 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 is 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, three budget amendments were approved by the Village Board.

CAPITAL ASSETS

At the end of FY2019, the Village had a combined total of \$87,170,681 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. *Table 4 below and table 5 on the next page summarize the changes in capital assets, which are presented in detail in Note 4 in the Notes to the Financial Statements.*

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land (includes rights of way and easements)	\$ 13,022,210	\$ 12,773,684	\$ 2,067,022	\$ 2,067,022	\$ 15,089,232	\$ 14,840,706
Construction in progress	1,298,626	593,412	1,430,347	1,122,986	2,728,973	1,716,398
Buildings and improvements	5,532,255	5,383,273	28,133,060	29,211,543	33,665,315	34,594,816
Vehicles & Equipment	1,569,827	1,438,107	2,736,945	2,939,930	4,306,772	4,378,037
Infrastructure	9,371,497	9,681,481	-	-	9,371,497	9,681,481
Water transmission system	-	-	14,290,065	14,678,796	14,290,065	14,678,796
Sewer collection system	-	-	7,718,827	7,954,217	7,718,827	7,954,217
Total capital assets	<u>\$ 30,794,415</u>	<u>\$ 29,869,957</u>	<u>\$ 56,376,266</u>	<u>\$ 57,974,494</u>	<u>\$ 87,170,681</u>	<u>\$ 87,844,451</u>

For fiscal year 2019, 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 property for future development, 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, as depreciation totaling \$2.8M outpaced additions of \$1.9M.

Table 5: Change in Capital Assets

	Governmental Activities	Business-type Activities	Total
	2019	2019	2018
Beginning Balance	\$ 29,869,957	\$ 57,974,494	\$ 87,844,451
Additions			
Depreciable	954,834	739,481	1,694,315
Nondepreciable	968,617	670,528	1,639,145
Retirements			
Depreciable	-	593,211	593,211
Nondepreciable	14,877	363,167	378,044
Depreciation	(984,116)	(2,051,859)	(3,035,975)
	<u>\$ 30,794,415</u>	<u>\$ 56,376,266</u>	<u>\$ 87,170,681</u>

Major additions to capital assets include the following:

Governmental Activities

- Purchased of 98 Forest Ave for future development.
- Planning and Design for Road Improvements, including:
 - Nippersink Blvd
 - Grand Ave
 - Sayton Rd
- Completion of Park Renovation at Lakefront Park
- Bike path extension over railroad crossing on Sayton Road
- Addition of 2 Police Vehicles
- Replaced Dump Truck with plow and deicer for Public Works

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

Business-Type Activities

Water & Sewer

- Completed Sayton Road water main replacement
- Design for Interconnect Project to Wastewater Reclamation Facility
- Continuation of Sewer Lining

Northwest Region Water Reclamation

- Completed Screw Pump Replacement (Significant System Component)
- Replaced UV disinfection system control panel and component sleeves

911 Dispatch Center

- Completed Dispatch Equipment upgrade and addition of 4 workstations

Debt Outstanding

The Village of Fox Lake governmental activities had total long-term debt of \$11,970,321 as of April 30, 2019. 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 (c) 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 \$4,200,373. Under state statutes, the Village's aggregated general obligation indebtedness cannot exceed 8.625% of the value of taxable property within the Village. The total debt applicable to this limit was \$4,200,373 well below the \$25,002,868 set by law (using the 2018 taxable equalized assessed value). 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 FY2019.

Illinois Environmental Protection Agency Loan: The Village has two low interest rate loans 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, 2019 is \$3,667,241 with interest payments at a rate between 1.640% and 1.995% per annum. No new debt issued during fiscal year 2019; however the Village expects to receive \$8.8 million in IEPA loan funds in fiscal year 2020 for a project to interconnect north and south water systems.

Compensated absences: At the end of the year compensated absences payable totaled \$367,202 which reflected a decrease of \$71,884 from the prior year. This decrease is attributed to newer employees with less accrued time and a change (implemented last year) in vacation carryover policy.

Net pension liability: As of April 30, 2019, the Village's net pension liability totaled \$8,371,441 which represents an increase of \$2,304,062 over the prior year. In the previous fiscal year there was a net pension asset for IMRF because of the strength of the investment activities. However, this fiscal year the Village recorded an IMRF net pension obligation of \$1,910,242. The Police pension liability increased \$393,820, mostly due to the hiring of additional officers and less than expected investment income. Last fiscal year, the Plan Trustees approved a change in the actuarial rate of return for investments from 7.0% to 6.75%. As of the last valuation date however, the Police Pension Fund has a funded ratio of 72.7% down 0.19% from the prior year. While the Village has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 80.1% of the Village's FY2019 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 PTELL imposed by the State of Illinois. Therefore, the Village contributed \$123,102 to the Pension Fund from the General Fund to meet the actuarially recommended contribution. *For more detail on the Village's pension obligations see Note 9 (a) in the Notes to the Financial Statements.*

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2019

Other postemployment benefit (OPEB) obligations: As of April 30, 2019, the Village's total OPEB liability totaled \$2,428,327, and increase of \$191,325. In FY2018, the Village elected to proceed with early implementation of GASB 75, which accounts for the prior year adjustment made in FY2018 to increase beginning of the year liabilities \$1.15M and \$806K for the governmental activities and business-type activities, respectively. Current year expenses of \$171,153 and \$20,172 for the governmental activities and business-type activities, respectively, were recognized this year 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 ("the Chain"), where boating, jet skiing, tubing and boarding are popular activities. According to the Fox Waterway Agency there were 19,277 boats registered on the Chain for 2019 and an estimated 21,000 temporary usage passes. 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 continue to be taken to increase revenues including the review of existing fees and charges and the implementation of fee increases; enforcement of existing revenue-generating codes, and collection of outstanding water and police fines receivables through a collection agency.

The FY2020 General Fund budget adopted on April 23, 2019 includes revenues totaling \$13.7M and operating expenditures (including debt payments) of \$12.2M. Revenue streams remain relatively consistent with some shifting in tax revenue due to a decrease in the Places For Eating Tax from 1.0% to 0.5% 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 FY2020 General Fund budget also includes significant spending on capital projects totaling \$3.6M for improvements on Sayton, Nippersink, and Frontage Roads and Grand Avenue. These expenditures are expected to come from Federal STP grants for the Nippersink Rd and Grand Ave rehab projects in the amount of \$1.4M with the balance of capital outlay from existing reserves.

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 the, Finance Director, Village of Fox Lake, 66 Thillen Drive, Illinois 60020 at 847-587-3968.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 11,153,680	\$ 22,182,088	\$ 33,335,768
Receivables, net of allowance for uncollectibles			
Property taxes	2,701,681	-	2,701,681
Accounts	609,990	2,620,157	3,230,147
Intergovernmental	1,236,985	-	1,236,985
Prepaid items	64,969	118,633	183,602
Cash with paying agent	195,300	114,700	310,000
Inventory	92,287	-	92,287
Internal balances	1,992,886	(1,992,886)	-
Due from fiduciary funds	835	-	835
Capital assets			
Capital assets not being depreciated	14,320,836	3,497,369	17,818,205
Capital assets being depreciated, net	16,473,579	52,878,897	69,352,476
Total assets	<u>48,843,028</u>	<u>79,418,958</u>	<u>128,261,986</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	1,878,827	1,091,033	2,969,860
Unamortized loss on refunding	-	40,805	40,805
Total deferred outflows of resources	<u>1,878,827</u>	<u>1,131,838</u>	<u>3,010,665</u>
Total assets and deferred outflows of resources	<u>50,721,855</u>	<u>80,550,796</u>	<u>131,272,651</u>
LIABILITIES			
Accounts payable	769,500	476,541	1,246,041
Accrued payroll	254,292	139,521	393,813
Interest payable	4,267	8,192	12,459
Deposits payable	781,487	-	781,487
Noncurrent liabilities			
Due within one year	602,419	429,672	1,032,091
Due in more than one year	11,367,902	6,779,159	18,147,061
Total liabilities	<u>13,779,867</u>	<u>7,833,085</u>	<u>21,612,952</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	1,050,012	233,450	1,283,462
Unearned revenue	906	-	906
Deferred property taxes	2,701,681	-	2,701,681
Total deferred inflows of resources	<u>3,752,599</u>	<u>233,450</u>	<u>3,986,049</u>
Total liabilities and deferred inflows of resources	<u>17,532,466</u>	<u>8,066,535</u>	<u>25,599,001</u>
NET POSITION			
Net investment in capital assets	27,988,986	51,210,318	79,199,304
Restricted for			
Economic development	1,414,101	-	1,414,101
Maintenance of roadways	990,220	-	990,220
DUI enforcement	76,345	-	76,345
Seized assets	9,201	-	9,201
Insurance	271,977	-	271,977
Northwest Region improvements	958,001	-	958,001
Unrestricted	<u>1,480,558</u>	<u>21,273,943</u>	<u>22,754,501</u>
TOTAL NET POSITION	<u>\$ 33,189,389</u>	<u>\$ 72,484,261</u>	<u>\$ 105,673,650</u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 1,255,082	\$ 1,108,441	\$ 16,175	\$ -
Public safety	5,672,481	719,842	-	-
Public works	2,773,112	1,027,583	278,718	156,332
Parks and recreation	472,811	101,166	-	-
Economic development	507,813	-	-	-
Interest and fiscal charges	85,228	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	10,766,527	2,957,032	294,893	156,332
Business-type activities				
Water and sewer	2,442,285	4,683,269	-	-
Wastewater reclamation	5,863,095	5,248,279	-	-
911 dispatch services	1,361,711	1,333,535	-	-
Parking	140,403	122,610	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities	9,807,494	11,387,693	-	-
TOTAL PRIMARY GOVERNMENT	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 20,574,021	\$ 14,344,725	\$ 294,893	\$ 156,332

	Net (Expense) Revenue and Change in Net Position		
	Governmental Activities	Business-Type Activities	Total
	\$ (130,466)	\$ -	\$ (130,466)
	(4,952,639)	-	(4,952,639)
	(1,310,479)	-	(1,310,479)
	(371,645)	-	(371,645)
	(507,813)	-	(507,813)
	(85,228)	-	(85,228)
	<hr/>	<hr/>	<hr/>
	(7,358,270)	-	(7,358,270)
	-	2,240,984	2,240,984
	-	(614,816)	(614,816)
	-	(28,176)	(28,176)
	-	(17,793)	(17,793)
	<hr/>	<hr/>	<hr/>
	-	1,580,199	1,580,199
	<hr/>	<hr/>	<hr/>
	(7,358,270)	1,580,199	(5,778,071)
General Revenues			
Taxes			
Property tax	2,452,584	-	2,452,584
Utility tax	712,232	-	712,232
Use tax	327,283	-	327,283
Hotel/motel tax	1,464	-	1,464
Road and bridge tax	139,693	-	139,693
Video gaming proceeds	295,486	-	295,486
Rental car taxes	169	-	169
Intergovernmental			
Sales tax	4,634,556	-	4,634,556
Replacement tax	64,881	-	64,881
Shared income tax	1,027,104	-	1,027,104
Miscellaneous			
Gain on sale of capital assets	31,399	-	31,399
Investment income	19,232	-	19,232
	<hr/>	<hr/>	<hr/>
Total	241,209	440,362	681,571
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	9,947,292	440,362	10,387,654
	<hr/>	<hr/>	<hr/>
NET POSITION, MAY 1	2,589,022	2,020,561	4,609,583
	<hr/>	<hr/>	<hr/>
NET POSITION, APRIL 30	\$ 33,189,389	\$ 72,484,261	\$ 105,673,650

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

**BALANCE SHEET
GOVERNMENTAL FUNDS**

April 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 9,509,655	\$ 1,644,025	\$ 11,153,680
Receivables, net			
Property taxes	2,624,389	77,292	2,701,681
Accounts	609,990	-	609,990
Intergovernmental	947,467	289,518	1,236,985
Prepaid items	64,969	-	64,969
Cash with paying agent	195,300	-	195,300
Inventory	43,756	48,531	92,287
Due from fiduciary funds	835	-	835
Due from other funds	2,761,875	814,026	3,575,901
TOTAL ASSETS	\$ 16,758,236	\$ 2,873,392	\$ 19,631,628
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 693,899	\$ 75,601	\$ 769,500
Accrued payroll	254,292	-	254,292
Deposits payable	781,487	-	781,487
Due to other funds	1,266,837	316,178	1,583,015
Total liabilities	2,996,515	391,779	3,388,294
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	2,624,389	77,292	2,701,681
Unearned revenue	906	-	906
Total deferred inflows of resources	2,625,295	77,292	2,702,587
Total liabilities and deferred inflows of resources	5,621,810	469,071	6,090,881
FUND BALANCES			
Nonspendable			
Nonspendable prepaid items	64,969	-	64,969
Nonspendable inventory	43,756	48,531	92,287
Restricted			
Restricted for DUI enforcement	76,345	-	76,345
Restricted for seized assets	9,201	-	9,201
Restricted for insurance	271,977	-	271,977
Restricted for Northwest Region improvements	958,001	-	958,001
Restricted for economic development	-	1,414,101	1,414,101
Restricted for maintenance of roadways	-	941,689	941,689
Unrestricted			
Committed by reserve policy	5,140,241	-	5,140,241
Assigned for capital projects	4,362,616	-	4,362,616
Assigned for shop with a cop	13,421	-	13,421
Assigned for tree replacement	600	-	600
Unassigned	195,299	-	195,299
Total fund balances	11,136,426	2,404,321	13,540,747
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 16,758,236	\$ 2,873,392	\$ 19,631,628

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, 2019

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 13,540,747
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	30,794,415
Pension related deferred outflows of resources are not related to current financial resources and, therefore, are not presented in the governmental fund statements	1,878,827
Interest payable is accrued as incurred in the statement of activities as opposed to when paid in governmental funds	(4,267)
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	(2,696,611)
Installment contract payable	(50,000)
Unamortized bond premium	(58,818)
Compensated absences payable	(278,362)
Net pension liability - Police Pension	(6,461,199)
Net pension liability - IMRF	(846,433)
Other postemployment benefits	(1,578,898)
Pension related deferred inflows of resources are not due and payable within the current period and, therefore, are not reported in the governmental funds	<u>(1,050,012)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 33,189,389</u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 4,071,635	\$ 50,289	\$ 4,121,924
Licenses, permits and fees	820,278	-	820,278
Intergovernmental	4,558,293	1,426,462	5,984,755
Charges for services	1,365,761	-	1,365,761
Fines and forfeitures	528,262	-	528,262
Investment income	202,370	38,839	241,209
Miscellaneous	274,128	-	274,128
 Total revenues	 11,820,727	 1,515,590	 13,336,317
EXPENDITURES			
Current			
General government	1,007,322	149,229	1,156,551
Public safety	5,305,810	-	5,305,810
Public works	1,949,656	132,476	2,082,132
Parks and recreation	430,700	-	430,700
Economic development	479,475	19,114	498,589
Capital outlay	1,481,856	476,412	1,958,268
Debt service			
Principal	532,284	-	532,284
Interest and fiscal charges	102,355	-	102,355
 Total expenditures	 11,289,458	 777,231	 12,066,689
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 531,269	 738,359	 1,269,628
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	19,232	-	19,232
 Total other financing sources (uses)	 19,232	 -	 19,232
 NET CHANGE IN FUND BALANCES	 550,501	 738,359	 1,288,860
 FUND BALANCES, MAY 1	 10,585,925	 1,665,962	 12,251,887
 FUND BALANCES, APRIL 30	 \$ 11,136,426	 \$ 2,404,321	 \$ 13,540,747

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, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,288,860
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	1,908,574
Depreciation expense	(984,116)
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	
	1,410,562
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	-
Retirement of general obligation debt	532,284
Amortization of bond premium	10,748
Change in compensated absences payable	75,608
Change in net pension liability payable	(1,488,724)
Change in other postemployment benefit payable	(171,153)
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>6,379</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,589,022</u></u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

April 30, 2019

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Enterprise Funds	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 6,636,420	\$ 14,983,963	\$ 504,929	\$ 56,776	\$ 22,182,088
Receivables					
Accounts (net of allowance for uncollectible accounts)	909,605	1,640,981	69,571	-	2,620,157
Prepaid items	11,886	24,432	81,997	318	118,633
Cash with paying agent	114,700	-	-	-	114,700
Due from other funds	48,625	404,196	-	28,000	480,821
 Total current assets	 7,721,236	 17,053,572	 656,497	 85,094	 25,516,399
NONCURRENT ASSETS					
Capital assets, net of accumulated depreciation	19,542,403	36,009,374	534,265	290,224	56,376,266
 Total noncurrent assets	 19,542,403	 36,009,374	 534,265	 290,224	 56,376,266
 Total assets	 27,263,639	 53,062,946	 1,190,762	 375,318	 81,892,665
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	40,805	-	-	-	40,805
Pension related deferred outflows of resources	239,273	502,661	332,334	16,765	1,091,033
 Total deferred outflows of resources	 280,078	 502,661	 332,334	 16,765	 1,131,838
 Total assets and deferred outflows of resources	 27,543,717	 53,565,607	 1,523,096	 392,083	 83,024,503
CURRENT LIABILITIES					
Accounts payable	195,589	239,585	39,312	2,055	476,541
Accrued payroll	28,904	67,728	40,537	2,352	139,521
Interest payable	8,192	-	-	-	8,192
Due to other funds	378,746	1,124,713	892,856	77,392	2,473,707
Current portion of long-term debt	392,701	28,818	7,919	234	429,672
 Total current liabilities	 1,004,132	 1,460,844	 980,624	 82,033	 3,527,633
NONCURRENT LIABILITIES					
Compensated absences payable	17,469	44,118	26,825	428	88,840
Long-term debt	5,044,717	975,377	637,114	33,111	6,690,319
 Total noncurrent liabilities	 5,062,186	 1,019,495	 663,939	 33,539	 6,779,159
 Total liabilities	 6,066,318	 2,480,339	 1,644,563	 115,572	 10,306,792
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred outflows of resources	51,198	107,555	71,110	3,587	233,450
 Total deferred inflows of resources	 51,198	 107,555	 71,110	 3,587	 233,450
 Total liabilities and deferred inflows of resources	 6,117,516	 2,587,894	 1,715,673	 119,159	 10,540,242
NET POSITION (DEFICIT)					
Net investment in capital assets	14,397,548	36,009,374	513,172	290,224	51,210,318
Unrestricted (deficit)	7,028,653	14,968,339	(705,749)	(17,300)	21,273,943
 TOTAL NET POSITION (DEFICIT)	 \$ 21,426,201	 \$ 50,977,713	 \$ (192,577)	 \$ 272,924	 \$ 72,484,261

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, 2019

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Enterprise Funds	Total
OPERATING REVENUES					
Water/sewer fees	\$ 4,273,996	\$ -	\$ -	\$ -	\$ 4,273,996
Sewer fees	- -	4,994,369	- -	- -	4,994,369
Dispatch fees	- -	- -	1,333,311	- -	1,333,311
Parking fees	- -	- -	- -	94,610	94,610
Tap on fees	260,263	252,420	- -	28,000	540,683
Miscellaneous	149,010	1,490	224	- -	150,724
 Total operating revenues	 4,683,269	 5,248,279	 1,333,535	 122,610	 11,387,693
OPERATING EXPENSES					
Personnel services	429,009	1,534,669	1,055,771	60,418	3,079,867
Contractual services/commodities	1,072,523	2,528,656	252,653	74,949	3,928,781
Miscellaneous	- -	- -	- -	- -	- -
Depreciation	787,717	1,799,770	52,546	5,036	2,645,069
 Total operating expenses	 2,289,249	 5,863,095	 1,360,970	 140,403	 9,653,717
 OPERATING INCOME (LOSS)	 2,394,020	 (614,816)	 (27,435)	 (17,793)	 1,733,976
NON-OPERATING REVENUES (EXPENSES)					
Investment income	96,613	330,062	7,593	6,094	440,362
Interest and fiscal charges	(132,565)	- -	(741)	- -	(133,306)
Loss on sale of assets	(20,471)	- -	- -	- -	(20,471)
 Total non-operating revenues (expenses)	 (56,423)	 330,062	 6,852	 6,094	 286,585
 CHANGE IN NET POSITION	 2,337,597	 (284,754)	 (20,583)	 (11,699)	 2,020,561
 NET POSITION (DEFICIT), MAY 1	 19,088,604	 51,262,467	 (171,994)	 284,623	 70,463,700
 NET POSITION (DEFICIT), APRIL 30	 \$ 21,426,201	 \$ 50,977,713	 \$ (192,577)	 \$ 272,924	 \$ 72,484,261

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2019

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 4,604,546	\$ 5,085,156	\$ 1,327,258	\$ 122,652	\$ 11,139,612
Payments to suppliers	(1,072,602)	(2,503,904)	(1,057,032)	(60,219)	(4,693,757)
Payments to employees	(605,564)	(1,475,162)	(220,966)	(68,900)	(2,370,592)
Net cash from operating activities	<u>2,926,380</u>	<u>1,106,090</u>	<u>49,260</u>	<u>(6,467)</u>	<u>4,075,263</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund activity	756,599	395,917	317,324	28,989	1,498,829
Net cash from noncapital financing activities	<u>756,599</u>	<u>395,917</u>	<u>317,324</u>	<u>28,989</u>	<u>1,498,829</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	96,613	330,062	7,593	6,094	440,362
Net cash from investing activities	<u>96,613</u>	<u>330,062</u>	<u>7,593</u>	<u>6,094</u>	<u>440,362</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(756,731)	(231,255)	(79,327)	-	(1,067,313)
Payments of principal	(378,976)	-	(3,718)	-	(382,694)
Interest and fiscal charges paid on capital debt	(118,531)	-	(928)	-	(119,459)
Net cash from capital and related financing activities	<u>(1,254,238)</u>	<u>(231,255)</u>	<u>(83,973)</u>	<u>-</u>	<u>(1,569,466)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS					
	2,525,354	1,600,814	290,204	28,616	4,444,988
CASH AND CASH EQUIVALENTS, MAY 1	<u>4,111,066</u>	<u>13,383,149</u>	<u>214,725</u>	<u>28,160</u>	<u>17,737,100</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 6,636,420</u></u>	<u><u>\$ 14,983,963</u></u>	<u><u>\$ 504,929</u></u>	<u><u>\$ 56,776</u></u>	<u><u>\$ 22,182,088</u></u>

(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, 2019

	Water and Sewer Fund	Northwest Region Water Reclamation Fund	911 Dispatch Services Fund	Nonmajor Enterprise Funds	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)					
\$ 2,394,020	\$ (614,816)	\$ (27,435)	\$ (17,793)	\$ 1,733,976	
Adjustments to reconcile operating income (loss)					
to net cash from operating activities					
Depreciation	787,717	1,799,770	52,546	5,036	2,645,069
(Increase) decrease in					
Receivables	(78,723)	(163,123)	(6,277)	42	(248,081)
Prepaid items	3,964	2,407	(65,620)	(228)	(59,477)
Pension items	(137,321)	(432,356)	(285,852)	(14,420)	(869,949)
Increase (decrease) in					
Accounts payable	(4,043)	22,345	13,948	(1,316)	30,934
Accrued payroll	2,580	19,864	(1,200)	937	22,181
Compensated absences payable	6,660	(2,137)	(61)	(738)	3,724
Pension items	(112,092)	(235,481)	(155,688)	(7,854)	(511,115)
Total OPEB liability	5,345	75,625	105,726	8,721	195,417
Net pension liability	58,273	633,992	419,173	21,146	1,132,584
NET CASH FROM OPERATING ACTIVITIES	\$ 2,926,380	\$ 1,106,090	\$ 49,260	\$ (6,467)	\$ 4,075,263
NONCASH TRANSACTIONS					
None	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL NONCASH TRANSACTIONS	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2019

ASSETS

Cash	\$ 28,820
Investments (at fair value)	
Corporate obligations	1,015,680
Certificates of deposit	471,644
State and local obligations	60,099
U.S. Government obligations	3,899,302
Mutual funds	11,676,345
Accrued interest receivable	37,796
Prepaid expenses	<u>8,345</u>
 Total assets	 <u>17,198,031</u>

LIABILITIES

Due to other funds	<u>835</u>
 Total liabilities	 <u>835</u>

**NET POSITION RESTRICTED
FOR PENSION BENEFITS**

\$ 17,197,196

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2019

ADDITIONS

Contributions	
Employer	\$ 642,245
Plan members	<u>191,762</u>
	<u>834,007</u>
Investment income	
Net appreciation in fair value of investments	420,551
Interest and dividends	<u>443,988</u>
	<u>864,539</u>
Less investment expense	<u>(32,696)</u>
Net investment income	<u>831,843</u>
Total additions	<u>1,665,850</u>
DEDUCTIONS	
Pension benefits and refunds	927,450
Administrative expenses	<u>46,268</u>
	<u>973,718</u>
NET INCREASE	692,132

**NET POSITION RESTRICTED
FOR PENSION BENEFITS**

MAY 1	<u>16,505,064</u>
APRIL 30	<u>\$ 17,197,196</u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2019

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)

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)

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-day period.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 fair 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.

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

2. DEPOSITS AND INVESTMENTS (Continued)

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.

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.

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

2. DEPOSITS AND INVESTMENTS (Continued)

Village Investments (Continued)

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, 2019.

3. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2017 levy year attach as an enforceable lien on January 1, 2017, 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, 2018 and August 1, 2018, and are payable in two installments, on or about June 1, 2018 and September 1, 2018. The County collects such taxes and remits them periodically. The 2018 tax levy is intended to finance the 2020 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable/deferred revenue. The 2019 tax levy has not been recorded as a receivable at April 30, 2019, as the tax attached as a lien on property as of January 1, 2019; however, the tax will not be levied until December 2018 and, accordingly, is not measurable at April 30, 2019.

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

4. CAPITAL ASSETS

Capital asset activity for the Village for the year ended April 30, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,362,202	\$ 188,526	\$ -	\$ 2,550,728
Land right of way	10,471,482	-	-	10,471,482
Construction in progress	533,412	780,091	14,877	1,298,626
Total capital assets not being depreciated	<u>13,367,096</u>	<u>968,617</u>	<u>14,877</u>	<u>14,320,836</u>
Capital assets being depreciated				
Buildings and improvements	9,412,032	379,983	-	9,792,015
Vehicles and equipment	3,899,037	396,029	-	4,295,066
Infrastructure	19,683,119	178,822	-	19,861,941
Total capital assets being depreciated	<u>32,994,188</u>	<u>954,834</u>	<u>-</u>	<u>33,949,022</u>
Less accumulated depreciation for				
Buildings	4,028,759	231,001	-	4,259,760
Vehicles and equipment	2,460,930	264,309	-	2,725,239
Infrastructure	10,001,638	488,806	-	10,490,444
Total accumulated depreciation	<u>16,491,327</u>	<u>984,116</u>	<u>-</u>	<u>17,475,443</u>
Total capital assets being depreciated, net	<u>16,502,861</u>	<u>(29,282)</u>	<u>-</u>	<u>16,473,579</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 29,869,957</u>	<u>\$ 939,335</u>	<u>\$ 14,877</u>	<u>\$ 30,794,415</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,067,022	\$ -	\$ -	\$ 2,067,022
Construction in progress	1,122,986	670,528	363,167	1,430,347
Total capital assets not being depreciated	<u>3,190,008</u>	<u>670,528</u>	<u>363,167</u>	<u>3,497,369</u>
Capital assets being depreciated				
Buildings	48,934,097	-	-	48,934,097
Vehicles and equipment	9,279,969	307,789	593,211	8,994,547
Water transmission system	25,200,384	170,714	-	25,371,098
Sewer collection system	18,924,580	260,978	-	19,185,558
Total capital assets being depreciated	<u>102,339,030</u>	<u>739,481</u>	<u>593,211</u>	<u>102,485,300</u>
Less accumulated depreciation for				
Buildings	19,722,554	1,078,483	-	20,801,037
Vehicles and equipment	6,340,039	510,774	593,211	6,257,602
Water transmission system	10,521,588	559,445	-	11,081,033
Sewer collection system	10,970,363	496,368	-	11,466,731
Total accumulated depreciation	<u>47,554,544</u>	<u>2,645,070</u>	<u>593,211</u>	<u>49,606,403</u>
Total capital assets being depreciated, net	<u>54,784,486</u>	<u>(1,905,589)</u>	<u>-</u>	<u>52,878,897</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 57,974,494</u>	<u>\$ (1,235,061)</u>	<u>\$ 363,167</u>	<u>\$ 56,376,266</u>

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

4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 36,659
Public safety	231,255
Public works	655,206
Parks and recreation	43,741
Community development	<u>17,255</u>
 TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	<u>\$ 984,116</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, 2018 through December 1, 2020:

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, 2019 for the current or prior claim years.

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

5. RISK MANAGEMENT (Continued)

The Village participates in the North Suburban Employee's Benefit Cooperative (NSEBC), an agency of governmental entities created to finance and administer medical and dental care benefits to employees of its member organizations. Each municipality appoints one representative to serve on the Board of Directors. The Board of Directors determines the general policies, which includes approval of the annual budget. Members are contractually obligated to make all monthly payments and to fund any deficit upon dissolution of the pool. They will share in any surplus of the pool based on a decision by the Board of Directors. There were no significant changes in the insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years. The Village reports insurance activities within the General, Commuter Parking, Water, Northwest Water Reclamation District and 911 Dispatch Services funds. The Village's total payments for the year ended April 30, 2019 were \$1,202,977.

6. LONG-TERM DEBT

a. General Obligation Bonds and Other Long-Term Debt

The outstanding debt as of April 30, 2019 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	\$ 70,000	\$ 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	115,414	115,414
\$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	1,424,960	265,000
\$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	2,590,000	310,000
\$100,000 Installment contract due in annual installments of \$50,000, from December 19, 2018 to December 19, 2019 with interest at 2%.	General	50,000	50,000

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

6. LONG-TERM DEBT (Continued)

a. General Obligation Bonds and Other Long-Term Debt (Continued)

	Fund Debt Retired By	Balances April 30	Current Portion
\$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	\$ 2,181,781	\$ 112,870
\$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	1,485,460	67,225
TOTAL OUTSTANDING DEBT		\$ 7,917,615	\$ 936,509

b. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30,	Governmental Activities		
	General Obligation Debt		
	Principal	Interest	
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	
TOTAL	\$ 2,696,611	\$ 415,695	

Fiscal Year Ending April 30,	Governmental Activities		
	Installment Contracts		
	Principal	Interest	
2020	\$ 50,000	\$ 1,000	
TOTAL	\$ 50,000	\$ 1,000	

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

6. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity (Continued)

Fiscal Year Ending April 30,	Business-Type Activities		
	General Obligation Debt		
	Principal	Interest	
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	
TOTAL	\$ 1,503,762	\$ 239,795	
Fiscal Year Ending April 30,	Business-Type Activities		
	IPEA Loan		
	Principal	Interest	
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	
TOTAL	\$ 3,667,241	\$ 638,992	

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

6. LONG-TERM DEBT (Continued)

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 2019:

	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation debt certificates	\$ 2,952,970	\$ -	\$ 371,772	\$ 2,581,198	\$ 374,858
General obligation bonds	225,925	-	110,512	115,413	115,413
Installment contract payable	100,000	-	50,000	50,000	50,000
Compensated absences payable	353,970	278,362	353,970	278,362	-
Other postemployment benefits	1,407,745	171,153	-	1,578,898	62,148
Net pension liability - IMRF	-	846,433	-	846,433	-
Net pension liability - Police	6,067,379	393,820	-	6,461,199	-
Unamortized bond premium	69,566	-	10,748	58,818	-
TOTAL GOVERNMENTAL ACTIVITIES	\$11,177,555	\$ 1,689,768	\$ 897,002	\$11,970,321	\$ 602,419
BUSINESS-TYPE ACTIVITIES					
General obligation debt certificates	\$ 1,717,990	\$ -	\$ 214,228	\$ 1,503,762	\$ 216,142
Illinois EPA loan	3,835,707	-	168,466	3,667,241	180,095
Compensated absences payable	85,116	88,840	85,116	88,840	-
Other postemployment benefits	829,257	20,172	-	849,429	33,435
Net pension liability	-	1,063,809	-	1,063,809	-
Unamortized bond premium	42,289	-	6,539	35,750	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 6,510,359	\$ 1,172,821	\$ 474,349	\$ 7,208,831	\$ 429,672

7. INDIVIDUAL FUND DISCLOSURES

As of April 30, 2019, individual fund interfund receivables and payables were as follows:

	Due From	Due To
General fund		
TIF Fund	\$ 59,423	\$ -
Motor Fuel Tax Fund	256,755	-
Business Development District - South	-	474,112
Business Development District - Central	-	339,914
Police Pension Fund	835	-
Commuter Parking Fund	77,392	-

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

7. INDIVIDUAL FUND DISCLOSURES (Continued)

	Due From	Due To
General Fund (Continued)		
Water Fund	\$ 350,746	\$ 48,615
Central Dispatch Fund	892,856	-
Northwest Regional Water Reclamation Fund	1,124,703	404,196
 Total General Fund	 2,762,710	 1,266,837
 TIF Fund		
General Fund	-	59,423
 MFT Fund		
General Fund	-	256,755
 Business Development District - South		
General Fund	474,112	-
 Business Development District - Central		
General Fund	339,914	-
 Police Pension Fund		
General Fund	-	835
 Commuter Parking Fund		
General Fund	-	77,392
 Water and Sewer Fund		
General Fund	48,615	350,746
Tall Oaks Fund	-	28,000
Northwest Regional Water Reclamation Fund	10	-
 Central Dispatch Fund		
General Fund	-	892,856
 Tall Oaks Fund		
Water and Sewer fund	28,000	-
 Northwest Regional Water Reclamation Fund		
General Fund	404,196	1,124,703
Water and Sewer Fund	10	-
 TOTAL INTERFUND BALANCES	 \$ 4,057,557	 \$ 4,057,557

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

7. INDIVIDUAL FUND DISCLOSURES (Continued)

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

8. CONTINGENT LIABILITIES

a. Litigation

The Village is a defendant in one lawsuit. Although the outcome of the lawsuit 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.

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.

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.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration (Continued)

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 December 31, 2018, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	68
Active employees	<u>64</u>
 TOTAL	 <u>198</u>

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.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

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, 2019 was 9.70% of covered payroll.

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2018 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, 2018

Actuarial cost method Entry-age normal

Assumptions

Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.25%

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.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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.

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

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2018	\$ 16,719,392	\$ 17,280,146	\$ (560,754)
Changes for the period			
Service cost	311,164	-	311,164
Interest	1,232,144	-	1,232,144
Difference between expected and actual experience	325,064	-	325,064
Changes in assumptions	537,956	-	537,956
Employer contributions	-	403,865	(403,865)
Employee contributions	-	159,118	(159,118)
Net investment income	-	(945,553)	945,553
Benefit payments and refunds	(892,769)	(892,769)	-
Other (net transfer)	-	317,902	(317,902)
Net changes	1,513,559	(957,437)	2,470,996
BALANCES AT DECEMBER 31, 2018	\$ 18,232,951	\$ 16,322,709	\$ 1,910,242

Changes in assumptions related to the discount rate were made since the prior measurement date.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2019, the Village recognized pension expense of \$237,576.

At April 30, 2019, 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	\$ 311,634	\$ 151,020
Changes in assumption	402,936	268,178
Net difference between projected and actual earnings on pension plan investments	1,141,659	-
Contributions made subsequent to the measurement date	102,889	-
TOTAL	\$ 1,959,118	\$ 419,198

\$102,889 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, 2020. 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,

2020	\$ 477,994
2021	213,202
2022	297,613
2023	448,222
2024	-
Thereafter	-
TOTAL	\$ 1,437,031

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

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 7.25% 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 4,383,931	\$ 1,910,242	\$ (76,800)

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, 2019, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	23
 TOTAL	 42

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

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)

9. DEFINED BENEFIT PENSION PLANS (Continued)

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 2040. The Village's contribution rate for the year was 33.56%.

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 changed during the year. Changes related to target allocations by asset class.

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

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

<u>Diversification by Instrument</u>	<u>Minimum</u>	<u>Maximum</u>
Cash	2%	20%
Equities (separate account)	20%	65%
Fixed income	20%	78%

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

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 2019 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, 2019 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 GAAP. 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.

Investment Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Descriptions (Continued)

Police Pension Plan (Continued)

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, 2019:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Corporate fixed income	\$ 1,015,680	\$ 304,486	\$ 711,194	\$ -	\$ -
Municipal bonds	60,099	25,323	34,776	-	-
Negotiable CDs	471,644	124,451	347,193	-	-
U.S. Government obligations	3,899,302	946,460	2,265,665	561,966	125,211
TOTAL	\$ 5,446,725	\$ 1,400,720	\$ 3,358,828	\$ 561,966	\$ 125,211

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.

Fair Value Measurements

The Fund has the following recurring fair value measurements as of April 30, 2019. 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).

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Descriptions (Continued)

Police Pension Plan (Continued)

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 and corporate bonds rated in the highest four ratings category by a national rating agency. The U.S. agency obligations are rated AAA to AA+. Municipal bonds are rated AA- to A- 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)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

Asset Class	Target Allocation	Estimated Real Rate of Return
U.S. Large Cap Equity	38%	5.32%
U.S. Mid Cap Equity	7%	6.00%
U.S. Small Cap Equity	0%	5.06%
REITs	0%	4.57%
Non U.S. Developed Equity	5%	4.82%
Emerging Markets	0%	6.45%
Fixed Income	46%	1.40%
Cash	3%	0.60%

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2018	\$ 22,572,443	\$ 16,505,064	\$ 6,067,379
Changes for the period			
Service cost	488,634	-	488,634
Interest	1,492,339	-	1,492,339
Difference between expected and actual experience	32,429	-	32,429
Changes in assumptions	-	-	-
Employer contributions	-	642,245	(642,245)
Employee contributions	-	191,762	(191,762)
Net investment income	-	831,843	(831,843)
Benefit payments and refunds	(927,450)	(927,450)	-
Administrative expense	-	(46,268)	46,268
Net changes	1,085,952	692,132	393,820
BALANCES AT APRIL 30, 2019	\$ 23,658,395	\$ 17,197,196	\$ 6,461,199

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2019 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2019
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, 2019 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	\$ 10,039,849	\$ 6,461,199	\$ 3,568,544

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2019, the Village recognized pension expense of \$778,857. At April 30, 2019, 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	\$ 28,333	\$ 575,891
Changes in assumptions	663,049	288,373
Net difference between projected and actual earnings on pension plan investments	319,350	-
TOTAL	\$ 1,010,732	\$ 864,264

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 <u>April 30,</u>	
2020	\$ 78,585
2021	(188,642)
2022	33,526
2023	113,496
2024	57,990
Thereafter	51,513
TOTAL	\$ 146,468

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

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 (most recent data available), 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	<hr/> 70
TOTAL	<hr/> 80

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2019, as determined by an actuarial valuation as of May 1, 2017 using the alternative measurement method, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The OPEB liability was rolled forward by the actuary using updated procedures on April 30, 2019, including updating the discount rate at April 30, 2019, as noted below.

Actuarial valuation date	May 1, 2017
Measurement date	April 30, 2019
Actuarial cost method	Entry-age normal
Actuarial value of assets	N/A
Inflation	2.50%
Salary increases	2.75%
Discount rate	3.79%
Healthcare cost trend rates	7.70% (PPO) and 6.90% (HMO) in Fiscal 2019, to an ultimate trend rate of 5.00%
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, 2019. The discount rate at April 30, 2019 was 3.79%. 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.

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Changes in the Total OPEB Liability

	Total OPEB Liability
BALANCES AT MAY 1, 2018	<u>\$ 2,237,002</u>
Changes for the period	
Service cost	58,250
Interest	87,157
Difference between expected and actual experience	-
Changes in benefit terms	-
Changes in assumptions	141,501
Benefit payments	<u>(95,583)</u>
Net changes	<u>191,325</u>
BALANCES AT APRIL 30, 2019	<u>\$ 2,428,327</u>

Changes in assumptions related to the discount rate were made since the prior measurement date.

f. 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 3.79% 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 (2.79%) or 1 percentage point higher (4.79%) than the current rate:

	Current	1% Decrease	Discount Rate	1% Increase
		(2.79%)	(3.79%)	(4.79%)
Total OPEB liability	\$ 2,813,609	\$ 2,428,327	\$ 2,116,686	

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. 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	\$ 2,088,390	\$ 2,428,327	\$ 2,849,137

g. OPEB Expense

For the year ended April 30, 2019, the Village recognized OPEB expense of \$191,325. At April 30, 2019, 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. The Village's liability at April 30, 2019 is \$54,454. As of April 30, 2019, the Village has incurred total incentives of \$378,946.

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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 3,875,230	\$ 3,925,230	\$ 4,071,635	\$ 146,405
Licenses, permits and fees	648,200	696,900	820,278	123,378
Intergovernmental grants and reimbursements	4,225,032	4,355,532	4,558,293	202,761
Charges for services	1,287,887	1,326,887	1,365,761	38,874
Fines and forfeitures	533,292	533,292	528,262	(5,030)
Investment income	56,702	96,702	202,370	105,668
Miscellaneous	164,500	154,500	274,128	119,628
 Total revenues	 10,790,843	 11,089,043	 11,820,727	 731,684
EXPENDITURES				
Current				
General government	1,456,779	1,447,711	1,007,322	(440,389)
Public safety	5,762,475	5,845,782	5,305,810	(539,972)
Public works	1,989,453	2,124,623	1,949,656	(174,967)
Parks and recreation	502,528	496,652	430,700	(65,952)
Community development	504,822	511,528	471,975	(39,553)
Grant expense	300	30,300	7,500	(22,800)
Capital outlay	2,117,000	2,035,000	1,481,856	(553,144)
Debt service				
Principal	482,284	532,284	532,284	-
Interest	104,916	106,916	102,355	(4,561)
 Total expenditures	 12,920,557	 13,130,796	 11,289,458	 (1,841,338)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(2,129,714)	(2,041,753)	531,269	2,573,022
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	18,000	18,000	19,232	1,232
 Total other financing sources (uses)	 18,000	 18,000	 19,232	 1,232
NET CHANGE IN FUND BALANCE				
	\$ (2,111,714)	\$ (2,023,753)	\$ 550,501	\$ 2,574,254
 FUND BALANCE, MAY 1			 10,585,925	
 FUND BALANCE, APRIL 30			 \$ 11,136,426	

(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 Two Fiscal Years

MEASUREMENT DATE APRIL 30,	2018	2019
TOTAL OPEB LIABILITY		
Service cost	\$ 56,026	\$ 58,250
Interest	84,754	87,157
Differences between expected and actual experience	-	-
Changes of benefit terms	-	-
Changes of assumptions	-	141,501
Benefit payments	(77,301)	(95,583)
Net change in total pension liability	63,479	191,325
Total OPEB liability - beginning	<u>2,173,523</u>	<u>2,237,002</u>
TOTAL OPEB LIABILITY - ENDING	\$ 2,237,002	\$ 2,428,327
Covered payroll	\$ 1,697,568	\$ 1,744,251
Employer's total OPEB liability as a percentage of covered payroll	131.78%	139.22%

In 2019, changes in assumptions related to the discount rate were made.

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 Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 560,084	\$ 565,894	\$ 706,108	\$ 705,325	\$ 636,671
Contributions in relation to the actuarially determined contribution	684,444	692,803	718,995	656,677	642,245
CONTRIBUTION DEFICIENCY (Excess)	\$ (124,360)	\$ (126,909)	\$ (12,887)	\$ 48,648	\$ (5,574)
Covered payroll	\$ 2,017,470	\$ 1,740,188	\$ 1,711,427	\$ 1,697,568	\$ 1,913,541
Contributions as a percentage of covered payroll	33.93%	39.81%	42.01%	38.68%	33.56%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the preceding fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 16 years; the asset valuation method was five-year average market; and the significant actuarial assumptions were an investment rate of return at 7.00% 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 Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019
Actuarially determined contribution	\$ 403,072	\$ 351,280	\$ 403,072	\$ 369,486
Contributions in relation to the actuarially determined contribution	378,202	351,519	364,206	369,486
CONTRIBUTION DEFICIENCY (Excess)	\$ 24,870	\$ (239)	\$ 38,866	\$ -
Covered payroll	\$ 3,578,855	\$ 3,364,019	\$ 3,376,467	\$ 3,810,384
Contributions as a percentage of covered payroll	10.57%	10.45%	10.79%	9.70%

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 25 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 Five Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service cost	\$ 444,803	\$ 505,724	\$ 449,225	\$ 457,737	\$ 488,634
Interest	1,198,600	1,379,916	1,452,953	1,396,890	1,492,339
Differences between expected and actual experience	160,144	(1,602,792)	(495,206)	(334,956)	32,429
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)	(927,450)
Net change in total pension liability	2,625,195	1,172,801	(70,521)	1,479,998	1,085,952
Total pension liability - beginning	<u>17,364,970</u>	<u>19,990,165</u>	<u>21,162,966</u>	<u>21,092,445</u>	<u>22,572,443</u>
TOTAL PENSION LIABILITY - ENDING					
	<u>\$ 19,990,165</u>	<u>\$ 21,162,966</u>	<u>\$ 21,092,445</u>	<u>\$ 22,572,443</u>	<u>\$ 23,658,395</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 684,444	\$ 692,803	\$ 718,995	\$ 656,677	\$ 642,245
Contributions - member	190,771	196,573	166,723	189,901	191,762
Net investment income	973,307	(395,122)	1,325,602	1,146,469	831,843
Benefit payments, including refunds of member contributions	(484,233)	(554,151)	(812,986)	(795,549)	(927,450)
Administrative expense	(20,772)	(30,603)	(38,672)	(43,501)	(46,268)
Net change in plan fiduciary net position	1,343,517	(90,500)	1,359,662	1,153,997	692,132
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>	<u>16,505,064</u>
PLAN FIDUCIARY NET POSITION - ENDING					
	<u>\$ 14,081,905</u>	<u>\$ 13,991,405</u>	<u>\$ 15,351,067</u>	<u>\$ 16,505,064</u>	<u>\$ 17,197,196</u>
EMPLOYER'S NET PENSION LIABILITY					
	<u>\$ 5,908,260</u>	<u>\$ 7,171,561</u>	<u>\$ 5,741,378</u>	<u>\$ 6,067,379</u>	<u>\$ 6,461,199</u>
Plan fiduciary net position as a percentage of the total pension liability	70.44%	66.11%	72.78%	73.12%	72.69%
Covered payroll	\$ 2,017,470	\$ 1,740,188	\$ 1,711,427	\$ 1,697,568	\$ 1,913,541
Employer's net pension liability as a percentage of covered payroll	292.76%	412.11%	335.47%	357.42%	337.66%

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 Four Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service cost	\$ 372,886	\$ 404,760	\$ 355,683	\$ 311,164
Interest	1,083,145	1,178,635	1,229,940	1,232,144
Differences between expected and actual experience	407,982	(127,660)	(196,154)	325,064
Changes in assumptions	20,903	(21,291)	(487,451)	537,956
Benefit payments, including refunds of member contributions	(527,684)	(685,657)	(807,975)	(892,769)
Net change in total pension liability	1,357,232	748,787	94,043	1,513,559
Total pension liability - beginning	14,519,330	15,876,562	16,625,349	16,719,392
TOTAL PENSION LIABILITY - ENDING	\$ 15,876,562	\$ 16,625,349	\$ 16,719,392	\$ 18,232,951
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 401,722	\$ 362,209	\$ 361,301	\$ 403,865
Contributions - member	169,778	152,436	152,950	159,118
Net investment income	72,277	953,436	2,618,669	(945,553)
Benefit payments, including refunds of member contributions	(527,684)	(685,657)	(807,975)	(892,769)
Other	(276,527)	180,704	(281,034)	317,902
Net change in plan fiduciary net position	(160,434)	963,128	2,043,911	(957,437)
Plan fiduciary net position - beginning	14,433,541	14,273,107	15,236,235	17,280,146
PLAN FIDUCIARY NET POSITION - ENDING	\$ 14,273,107	\$ 15,236,235	\$ 17,280,146	\$ 16,322,709
EMPLOYER'S NET PENSION LIABILITY (ASSET)				
Plan fiduciary net position as a percentage of the total pension liability (asset)	89.90%	91.64%	103.35%	89.52%
Covered payroll	\$ 3,784,712	\$ 3,387,465	\$ 3,398,881	\$ 3,535,943
Employer's net pension liability (asset) as a percentage of covered payroll	42.37%	41.01%	-16.50%	54.02%

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. There was a change in assumptions related to the discount rate in 2018.

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

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment expense	7.60%	(2.75%)	9.40%	7.43%	5.04%

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, 2019

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, with the exception of the Tall Oaks Fund. 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	Budget	Expenditures
Business Development District - South	\$ 111,000	\$ 119,222

**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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
General	\$ 1,874,300	\$ 1,889,300	\$ 1,886,073	\$ (3,227)
IMRF	134,000	134,000	135,252	1,252
Insurance	372,000	372,000	380,970	8,970
Utility tax - electricity	410,000	420,000	433,702	13,702
Utility tax - natural gas	92,000	102,000	130,157	28,157
Utility tax - telephone	150,000	143,000	148,373	5,373
Use tax	270,000	280,000	327,283	47,283
Hotel/motel taxes	4,500	4,500	1,464	(3,036)
Road and bridge taxes	141,330	141,330	139,693	(1,637)
Rental car taxes	100	100	169	69
Places for eating taxes	142,000	142,000	193,013	51,013
Video gaming proceeds	285,000	297,000	295,486	(1,514)
 Total taxes	 3,875,230	 3,925,230	 4,071,635	 146,405
Intergovernmental revenues				
Income taxes	941,500	981,500	1,027,104	45,604
Personal property replacement tax	55,000	60,000	64,881	4,881
Sales taxes	3,226,032	3,273,532	3,293,800	20,268
 Total intergovernmental revenues	 4,222,532	 4,315,032	 4,385,785	 70,753
Franchise fees				
Building and zoning fees				
Building permits	155,000	155,000	184,363	29,363
Zoning permits	5,000	11,500	16,400	4,900
Impact fees	40,000	65,000	82,000	17,000
Permit fees - tree removal	-	-	5,635	5,635
 Total building and zoning fees	 200,000	 231,500	 288,398	 56,898
Licenses and fees				
Vehicle stickers	160,000	160,000	192,678	32,678
Licenses - animals	3,000	2,100	1,946	(154)
Licenses - liquor	53,000	53,000	55,730	2,730
Licenses - business	24,000	21,000	16,435	(4,565)
Licenses - vending	-	-	4,025	4,025
 Total licenses and fees	 240,000	 236,100	 270,814	 34,714

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)				
Park and recreation fees				
Program fees	\$ 55,000	\$ 70,000	\$ 90,855	\$ 20,855
Donations - parks	-	7,300	7,395	95
Pace fees	3,200	2,000	2,916	916
	58,200	79,300	101,166	21,866
Public safety fines and fees				
Court fines	325,000	325,000	312,723	(12,277)
Court fines - DUI	8,000	8,000	10,603	2,603
Red light fines	-	-	54,584	54,584
Ordinance and parking fines	130,000	130,000	109,653	(20,347)
	463,000	463,000	487,563	24,563
Public safety special revenue				
Forfeitures - seized assets	4,000	4,000	4,577	577
Police revenue - abandoned property	300	300	590	290
Police revenue - SRO	62,792	62,792	31,695	(31,097)
Police revenue - gaming tax	1,700	1,700	1,716	16
Police revenue - reports	1,500	1,500	2,121	621
	70,292	70,292	40,699	(29,593)
Reimbursable income				
Credit card incentives	-	-	9,836	9,836
Engineering reimbursable fees	8,000	8,000	7,374	(626)
Attorney reimbursable fees	5,000	5,000	3,640	(1,360)
Motor pool reimbursable expense	55,000	35,000	32,470	(2,530)
Fire department reimbursable expense	48,000	48,000	120,817	72,817
Insurance reimbursable	-	-	5,239	5,239
Public safety reimbursable expense	50,000	30,000	70,764	40,764
Streets reimbursable expense	-	-	569	569
Workers' compensation reimbursable expense	1,000	1,000	338	(662)
Building/zoning reimbursable expense	2,000	4,000	2,881	(1,119)
Employee/elected official reimbursable expense	1,000	1,000	8	(992)
	170,000	132,000	253,936	121,936
Grant revenue				
Grant revenue	-	8,000	5,685	(2,315)
Grant revenue - traffic	-	-	5,408	5,408
Grant revenue - vest	-	-	1,343	1,343
Grant revenue - tobacco	2,500	2,500	3,740	1,240
Grant revenue - streets	-	30,000	156,332	126,332
	2,500	40,500	172,508	132,008

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)				
Garbage revenues				
Garbage fees	\$ 930,000	\$ 964,000	\$ 974,362	\$ 10,362
Garbage penalties	17,000	17,000	20,182	3,182
Recycling rebate	-	-	1,369	1,369
 Total garbage revenues	 947,000	 981,000	 995,913	 14,913
Contractual revenue				
Rental income	98,987	103,987	103,823	(164)
Rental income 911 center	15,000	15,000	15,000	-
Externality fee	226,900	226,900	251,025	24,125
 Total contractual revenue	 340,887	 345,887	 369,848	 23,961
Other revenue				
Interest income	56,702	96,702	202,370	105,668
Donations	-	17,000	17,649	649
Shop with a cop	500	500	-	(500)
Sale-fixed assets	7,000	18,000	19,232	1,232
Other revenue	5,000	5,000	2,543	(2,457)
 Total other revenue	 69,202	 137,202	 241,794	 104,592
 TOTAL REVENUES	 \$ 10,808,843	 \$ 11,107,043	 \$ 11,839,959	 \$ 732,916

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT				
Current				
General government				
Administration				
Wages	\$ 578,880	\$ 542,840	\$ 526,208	\$ (16,632)
Wages - elected officials	48,600	48,600	47,376	(1,224)
Overtime	900	1,100	873	(227)
Health insurance	125,928	128,044	107,229	(20,815)
Life insurance	702	702	547	(155)
Social Security and Medicare	45,748	41,748	39,453	(2,295)
IMRF	72,963	61,963	47,480	(14,483)
Building maintenance	30,000	30,000	21,581	(8,419)
Professional services	30,000	45,120	24,862	(20,258)
Audit services	12,800	20,260	20,620	360
Payroll service fees	3,000	3,000	1,670	(1,330)
Engineering services	-	-	276	276
Fire District	-	-	3,327	3,327
Legal services	100,000	75,000	49,333	(25,667)
Labor attorney	25,000	15,000	1,973	(13,027)
Technology	95,000	135,000	105,565	(29,435)
Postage	20,700	18,700	8,198	(10,502)
Photocopy	8,000	8,000	9,038	1,038
Printing	14,000	14,000	9,918	(4,082)
Publishing	15,000	15,000	5,967	(9,033)
Memberships	15,000	21,000	19,667	(1,333)
Travel	5,000	5,000	448	(4,552)
Training	13,000	13,000	3,282	(9,718)
Tuition reimbursement	1,500	1,500	-	(1,500)
Meeting expense	-	1,000	2,352	1,352
Utilities	6,100	6,100	9,030	2,930
Credit card and bank charges	7,500	26,500	23,030	(3,470)
Property taxes	-	-	19,048	19,048
Building incentives	285,000	245,000	168,953	(76,047)
Building maintenance supplies	1,500	1,500	1,214	(286)
Office supplies	5,000	5,000	5,459	459
Operating supplies	8,000	6,500	993	(5,507)
Fuel	500	500	-	(500)
Software	5,000	5,000	-	(5,000)
Special events	300	300	200	(100)
Employee recognition	3,500	3,500	1,828	(1,672)
Refunds	150	150	-	(150)
Miscellaneous expense	1,000	1,000	452	(548)
Externality fee refund - RLB	23,096	25,096	22,491	(2,605)
Externality fee refund - Lake	100,844	100,844	-	(100,844)
Allocated expense	(652,525)	(624,949)	(603,847)	21,102
Total administration	1,056,686	1,047,618	706,094	(341,524)

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)				
Current (Continued)				
General government (Continued)				
Insurance				
Liability and workers' compensation insurance	\$ 250,093	\$ 286,373	\$ 273,936	\$ (12,437)
Insurance deductible expense	150,000	113,720	27,292	(86,428)
Total insurance	400,093	400,093	301,228	(98,865)
Total general government	1,456,779	1,447,711	1,007,322	(440,389)

PUBLIC SAFETY

Current				
Police department				
Wages - administration	609,468	630,412	634,600	4,188
Wages - part-time	69,000	9,000	26,581	17,581
Wages - sworn officers	2,030,127	2,039,317	1,911,243	(128,074)
Overtime	302,090	370,090	330,793	(39,297)
Health insurance	513,652	584,917	400,571	(184,346)
Life insurance	2,957	2,988	2,695	(293)
Social Security and Medicare	77,466	74,888	72,800	(2,088)
IMRF	51,820	47,275	23,055	(24,220)
Police pension - taxes	513,961	513,961	519,143	5,182
Police pension - Village portion	123,102	123,102	123,102	-
Building maintenance	40,000	40,000	31,634	(8,366)
Equipment maintenance	34,550	34,550	27,923	(6,627)
Vehicle maintenance	12,000	12,000	1,849	(10,151)
Professional services	79,000	79,000	61,093	(17,907)
Legal services	150,000	150,000	206,181	56,181
Dispatching	693,182	693,182	613,026	(80,156)
Prisoner meals	300	300	-	(300)
Animal care and control	400	400	17	(383)
Technology	150,000	150,000	66,542	(83,458)
Postage	4,000	4,000	2,126	(1,874)
Printing	5,000	5,000	2,605	(2,395)
Memberships	25,500	25,500	24,568	(932)
Travel	3,500	3,500	341	(3,159)
Training	42,500	37,500	21,306	(16,194)
Utilities	20,000	20,000	31,109	11,109
Office supplies	10,000	10,000	8,746	(1,254)
Operating supplies	50,000	30,000	15,722	(14,278)
Community relations	4,000	4,000	4,999	999
Shop with a cop	3,000	3,000	76	(2,924)
Uniforms	40,000	40,000	35,930	(4,070)
Fuel	47,500	53,500	48,540	(4,960)
Employee recognition	900	900	406	(494)

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)				
Current (Continued)				
Police department (Continued)				
DUI expense	\$ 2,000	\$ 2,000	-	\$ (2,000)
Investigation expense	1,500	1,500	-	(1,500)
Narcotics expense	1,000	1,000	-	(1,000)
Seized asset expense	1,000	1,000	-	(1,000)
Total police department	<u>5,714,475</u>	<u>5,797,782</u>	<u>5,249,322</u>	<u>(548,460)</u>
Fire department				
Fire department billable expenses	48,000	48,000	56,488	8,488
Real estate tax distribution	-	-	-	-
Fire department contribution	-	-	-	-
Total fire department	<u>48,000</u>	<u>48,000</u>	<u>56,488</u>	<u>8,488</u>
Total public safety	<u>5,762,475</u>	<u>5,845,782</u>	<u>5,305,810</u>	<u>(539,972)</u>
PUBLIC WORKS				
Current				
Streets				
Wages	573,325	553,325	530,243	(23,082)
Wages - part-time	33,300	17,000	-	(17,000)
Overtime	25,000	25,000	26,940	1,940
Health insurance	135,195	138,936	128,653	(10,283)
Life insurance	1,016	1,016	970	(46)
Social Security and Medicare	47,155	44,155	40,184	(3,971)
IMRF	66,712	54,712	51,394	(3,318)
Building maintenance	20,500	20,500	17,519	(2,981)
Equipment maintenance	1,000	1,000	148	(852)
Street maintenance	18,500	18,500	21,035	2,535
Parks maintenance	-	-	9,350	9,350
Professional services	55,000	45,000	42,820	(2,180)
Engineering services	20,000	20,000	13,796	(6,204)
Legal services	-	-	3,608	3,608
Technology	6,500	6,500	1,457	(5,043)
Postage	50	50	50	-
Memberships	850	850	500	(350)
Training	3,000	3,000	1,897	(1,103)
Utilities	7,000	7,000	7,315	315
Electricity charges	50,000	50,000	88,042	38,042
Building maintenance supplies	1,000	1,000	375	(625)
Equipment maintenance supplies	1,000	1,000	958	(42)
Office supplies	775	775	1,071	296
Operating supplies	70,000	70,000	51,560	(18,440)
Small tools	6,200	6,200	3,940	(2,260)

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)				
Current (Continued)				
Streets (Continued)				
Uniforms	\$ 5,800	\$ 5,800	\$ 4,163	\$ (1,637)
Stone and concrete	9,500	9,500	10,236	736
Sign program	2,000	2,000	2,951	951
Fuel	38,000	38,000	26,058	(11,942)
Employee recognition	250	250	329	79
Allocated expense	(563,956)	(358,399)	(385,905)	(27,506)
Total streets	634,672	782,670	701,657	(81,013)
Motor pool				
Wages	169,899	153,899	134,980	(18,919)
Overtime	5,000	3,000	1,587	(1,413)
Health insurance	44,983	48,921	18,613	(30,308)
Life insurance	277	277	216	(61)
Social Security and Medicare	12,995	11,750	10,236	(1,514)
IMRF	19,413	14,892	13,518	(1,374)
Building maintenance	4,300	4,300	2,406	(1,894)
Professional services	7,300	7,300	223	(7,077)
Motor pool reimbursable expense	5,396	7,396	10,176	2,780
Technology	7,650	7,650	6,239	(1,411)
Memberships	100	100	27	(73)
Training	1,000	1,000	80	(920)
Utilities	900	900	1,198	298
Building maintenance supplies	2,600	2,600	78	(2,522)
Office supplies	350	350	377	27
Operating supplies	120,000	105,000	95,703	(9,297)
Small tools	3,700	3,700	2,793	(907)
Uniforms	1,700	1,700	994	(706)
Fuel	1,968	1,968	1,277	(691)
Employee recognition	200	200	-	(200)
Total motor pool	409,731	376,903	300,721	(76,182)
Garbage				
Postage	1,000	1,000	770	(230)
Refunds	50	50	-	(50)
Yard waste stickers	-	-	303	303
Garbage disposal	944,000	964,000	946,205	(17,795)
Total garbage	945,050	965,050	947,278	(17,772)
Total public works	1,989,453	2,124,623	1,949,656	(174,967)

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
PARKS AND RECREATION				
Current				
Parks and recreation				
Wages	\$ 108,160	\$ 103,320	\$ 83,218	\$ (20,102)
Wages - part-time	38,248	22,658	18,310	(4,348)
Overtime	400	6,400	6,209	(191)
Health insurance	34,112	15,762	10,671	(5,091)
Life insurance	139	139	177	38
Social Security and Medicare	10,972	10,172	7,989	(2,183)
IMRF	11,997	12,001	8,631	(3,370)
Building maintenance	16,000	26,500	25,105	(1,395)
Equipment maintenance	5,000	5,000	8,551	3,551
Professional services	56,000	96,000	83,761	(12,239)
Technology	3,000	3,000	1,013	(1,987)
Janitorial services	-	-	475	475
Postage	5,000	1,500	636	(864)
Printing	5,000	2,000	724	(1,276)
Advertising	6,000	5,000	3,029	(1,971)
Memberships	1,300	1,300	2,839	1,539
Travel	500	500	19	(481)
Training	1,000	1,000	933	(67)
Meetings	-	-	17	17
Utilities	20,000	20,000	14,310	(5,690)
Pace program - rental fee	1,300	1,300	1,200	(100)
Building maintenance supplies	6,500	13,200	7,722	(5,478)
Office supplies	5,000	3,000	1,116	(1,884)
Operating supplies	9,000	9,000	10,994	1,994
Fuel	1,200	1,200	1,210	10
Refunds	1,500	1,500	590	(910)
Special events	40,000	40,000	40,000	-
Employee recognition	200	200	137	(63)
Programs	115,000	95,000	91,114	(3,886)
Total parks and recreation	502,528	496,652	430,700	(65,952)

COMMUNITY DEVELOPMENT

 Current

Community development				
Wages	269,976	269,976	245,580	(24,396)
Wages - part-time	-	-	2,775	2,775
Overtime	1,000	2,250	344	(1,906)
Health insurance	76,032	84,363	75,046	(9,317)
Life insurance	388	388	370	(18)
Social Security and Medicare	19,843	19,968	17,433	(2,535)
IMRF	28,873	25,873	24,587	(1,286)
Equipment maintenance	6,500	6,500	5,341	(1,159)
Professional services	15,000	15,000	16,014	1,014
Engineering services	7,000	5,000	5,940	940

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
COMMUNITY DEVELOPMENT (Continued)				
Current (Continued)				
Community development (Continued)				
Billable engineering fees	\$ 8,000	\$ 8,000	\$ 8,677	\$ 677
Billable building and zoning expense	2,000	4,000	3,715	(285)
Legal services	10,000	10,000	13,636	3,636
Billable attorney fees	5,000	5,000	5,991	991
Technology	6,320	6,320	4,908	(1,412)
Postage	500	500	341	(159)
Printing	2,000	2,000	540	(1,460)
Publishing	1,500	1,500	1,500	-
Memberships	2,420	2,420	1,726	(694)
Travel	500	500	57	(443)
Training	2,000	1,900	990	(910)
Meeting expense	-	100	36	(64)
Utilities	2,520	2,520	5,511	2,991
Office supplies	2,500	2,500	1,693	(807)
Community programs	33,000	33,000	26,836	(6,164)
Uniforms	300	300	256	(44)
Refunds	100	100	750	650
Fuel	1,400	1,400	1,285	(115)
Employee recognition	150	150	97	(53)
Total community development	504,822	511,528	471,975	(39,553)
GRANT EXPENSE				
Police tobacco	300	300	-	(300)
CDBG	-	30,000	7,500	(22,500)
Total grant expense	300	30,300	7,500	(22,800)
CAPITAL OUTLAY				
Current				
Capital outlay	650,000	598,000	292,673	(305,327)
Capital outlay - parks	-	-	7,524	7,524
Capital outlay - public safety	377,000	347,000	224,744	(122,256)
Capital outlay - streets	1,090,000	1,090,000	956,915	(133,085)
Total capital outlay	2,117,000	2,035,000	1,481,856	(553,144)
DEBT SERVICE				
Current				
Principal	482,284	532,284	532,284	-
Interest	104,916	106,916	102,355	(4,561)
Total debt service	587,200	639,200	634,639	(4,561)
TOTAL EXPENDITURES				
	<u>\$ 12,920,557</u>	<u>\$ 13,130,796</u>	<u>\$ 11,289,458</u>	<u>\$ (1,841,338)</u>

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2019

	Special Revenue					Total
	Tax Increment Financing	Motor Fuel Tax	Business Development District South	Business Development District Central		
ASSETS						
Cash and investments	\$ 430,696	\$ 1,213,329	\$ -	\$ -	\$ -	\$ 1,644,025
Receivables, net						
Property taxes	77,292	-	-	-	-	77,292
Intergovernmental	-	23,416	140,566	125,536	289,518	
Inventories	-	48,531	-	-	-	48,531
Due from other funds	-	-	474,112	339,914	814,026	
TOTAL ASSETS	\$ 507,988	\$ 1,285,276	\$ 614,678	\$ 465,450	\$ 2,873,392	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 547	\$ 38,301	\$ 16,605	\$ 20,148	\$ 75,601	
Due to other funds	59,423	256,755	-	-	316,178	
Total liabilities	59,970	295,056	16,605	20,148	391,779	
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	77,292	-	-	-	-	77,292
Total deferred inflows of resources	77,292	-	-	-	-	77,292
Total liabilities and deferred inflows of resources	137,262	295,056	16,605	20,148	469,071	
FUND BALANCES						
Nonspendable for inventory	-	48,531	-	-	-	48,531
Restricted for economic development	370,726	-	598,073	445,302	1,414,101	
Restricted for maintenance of roadways	-	941,689	-	-	-	941,689
Total fund balances	370,726	990,220	598,073	445,302	2,404,321	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 507,988	\$ 1,285,276	\$ 614,678	\$ 465,450	\$ 2,873,392	

(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, 2019

	Special Revenue					Total
	Tax Increment Financing	Motor Fuel Tax	Business Development District South	Business Development District Central		
REVENUES						
Taxes	\$ 50,289	\$ -	\$ -	\$ -	\$ 50,289	
Intergovernmental	- -	278,718	628,076	519,668	1,426,462	
Investment income	9,145	29,694	-	-	38,839	
Total revenues	<u>59,434</u>	<u>308,412</u>	<u>628,076</u>	<u>519,668</u>	<u>1,515,590</u>	
EXPENDITURES						
Current						
General government	- -	- -	24,975	124,254	149,229	
Public works	- -	132,476	- -	- -	132,476	
Economic development	19,114	- -	- -	- -	19,114	
Capital outlay	40,507	323,104	94,247	18,554	476,412	
Total expenditures	<u>59,621</u>	<u>455,580</u>	<u>119,222</u>	<u>142,808</u>	<u>777,231</u>	
NET CHANGE IN FUND BALANCES	<u>(187)</u>	<u>(147,168)</u>	<u>508,854</u>	<u>376,860</u>	<u>738,359</u>	
FUND BALANCES, MAY 1	<u>370,913</u>	<u>1,137,388</u>	<u>89,219</u>	<u>68,442</u>	<u>1,665,962</u>	
FUND BALANCES, APRIL 30	<u>\$ 370,726</u>	<u>\$ 990,220</u>	<u>\$ 598,073</u>	<u>\$ 445,302</u>	<u>\$ 2,404,321</u>	

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 44,247	\$ 50,247	\$ 50,289	\$ 42
Investment income	1,500	1,500	9,145	7,645
 Total revenues	 45,747	 51,747	 59,434	 7,687
EXPENDITURES				
Current				
Community development	25,000	50,000	19,114	(30,886)
Capital outlay	250,000	250,000	40,507	(209,493)
 Total expenditures	 275,000	 300,000	 59,621	 (240,379)
 NET CHANGE IN FUND BALANCE	 \$ (229,253)	 \$ (248,253)	 (187)	 \$ 248,066
 FUND BALANCE, MAY 1			 370,913	
 FUND BALANCE, APRIL 30			 \$ 370,726	

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Allotments earned	\$ 250,000	\$ 279,000	\$ 278,718	\$ (282)
Investment income	8,000	8,000	29,694	21,694
 Total revenues	 258,000	 287,000	 308,412	 21,412
EXPENDITURES				
Current				
Public works				
Public works	211,000	211,000	132,476	(78,524)
Capital outlay	350,000	350,000	323,104	(26,896)
 Total expenditures	 561,000	 561,000	 455,580	 (105,420)
 NET CHANGE IN FUND BALANCE	 \$ (303,000)	 \$ (274,000)	 \$ (147,168)	 \$ 126,832
 FUND BALANCE, MAY 1			 1,137,388	
 FUND BALANCE, APRIL 30			 \$ 990,220	

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Sales tax	\$ 800,000	\$ 619,000	\$ 628,076	\$ 9,076
Investment income	- 6,000		-	(6,000)
 Total revenues	 800,000	 625,000	 628,076	 3,076
EXPENDITURES				
General government				
Administration				
Professional services	105,000	30,000	24,975	(5,025)
Capital outlay	800,000	81,000	94,247	13,247
 Total expenditures	 905,000	 111,000	 119,222	 8,222
 NET CHANGE IN FUND BALANCE	 \$ (105,000)	 \$ 514,000	 \$ 508,854	 \$ (5,146)
 FUND BALANCE, MAY 1			 89,219	
 FUND BALANCE, APRIL 30			 \$ 598,073	

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Sales tax	\$ 340,000	\$ 435,000	\$ 519,668	\$ 84,668
Investment income	-	3,300	-	(3,300)
 Total revenues	 340,000	 438,300	 519,668	 81,368
EXPENDITURES				
General government				
Administration				
Professional services	170,000	70,000	124,254	54,254
Capital outlay	100,000	151,000	18,554	(132,446)
 Total expenditures	 270,000	 221,000	 142,808	 (78,192)
 NET CHANGE IN FUND BALANCE	 \$ 70,000	 \$ 217,300	 376,860	 \$ 159,560
 FUND BALANCE, MAY 1			 68,442	
 FUND BALANCE, APRIL 30			 \$ 445,302	

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Water/sewer fees	\$ 4,231,720	\$ 4,258,720	\$ 4,273,996	\$ 15,276
Tap-on fees	37,000	167,000	260,263	93,263
Miscellaneous	112,000	112,000	149,010	37,010
 Total operating revenues	 4,380,720	 4,537,720	 4,683,269	 145,549
OPERATING EXPENSES				
Personnel services	616,754	698,451	429,009	(269,442)
Contractual services/commodities	1,640,257	1,033,001	1,072,523	39,522
Depreciation	531,949	925,205	787,717	(137,488)
 Total operating expenses	 2,788,960	 2,656,657	 2,289,249	 (367,408)
 OPERATING INCOME	 1,591,760	 1,881,063	 2,394,020	 512,957
NON-OPERATING REVENUES (EXPENSES)				
Investment income	40,000	69,000	96,613	27,613
Gain (loss) on sale of assets	-	-	(20,471)	(20,471)
Interest expense	(135,437)	(135,437)	(132,565)	2,872
Principal expense	(393,256)	(393,256)	(378,976)	14,280
 Total non-operating revenues (expenses)	 (488,693)	 (459,693)	 (435,399)	 24,294
 CHANGE IN NET POSITION (BUDGETARY BASIS)	 \$ 1,103,067	 \$ 1,421,370	 1,958,621	 \$ 537,251
ADJUSTMENTS TO GAAP BASIS				
Principal expense			378,976	
 Total adjustments to GAAP basis			 378,976	
 CHANGE IN NET POSITION (GAAP BASIS)			 2,337,597	
 NET POSITION, MAY 1			 19,088,604	
 NET POSITION, APRIL 30			 \$ 21,426,201	

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Sewer fees	\$ 4,749,500	\$ 4,798,500	\$ 4,994,369	\$ 195,869
Tap-on fees	180,000	180,000	252,420	72,420
Miscellaneous	-	-	1,490	1,490
 Total operating revenues	 4,929,500	 4,978,500	 5,248,279	 269,779
OPERATING EXPENSES				
Personnel services	1,538,206	1,621,146	1,534,669	(86,477)
Contractual services/commodities	2,827,893	2,809,957	2,528,656	(281,301)
Depreciation	2,070,646	2,070,646	1,799,770	(270,876)
 Total operating expenses	 6,436,745	 6,501,749	 5,863,095	 (638,654)
 OPERATING INCOME (LOSS)	 (1,507,245)	 (1,523,249)	 (614,816)	 908,433
NON-OPERATING REVENUES (EXPENSES)				
Gain (loss) on sale of assets	3,000	3,000	-	(3,000)
Investment income	110,000	160,000	330,062	170,062
 Total non-operating revenues (expenses)	 113,000	 163,000	 330,062	 167,062
 CHANGE IN NET POSITION (BUDGETARY BASIS)	 \$ (1,394,245)	 \$ (1,360,249)	 (284,754)	 \$ 1,075,495
 NET POSITION, MAY 1			 51,262,467	
 NET POSITION, APRIL 30			 \$ 50,977,713	

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
911 fees	\$ 104,568	\$ 104,568	\$ 186,908	\$ 82,340
Fees for services	1,211,612	1,211,612	1,146,403	(65,209)
Miscellaneous income	-	-	224	224
 Total operating revenues	 1,316,180	 1,316,180	 1,333,535	 17,355
OPERATING EXPENSES				
Personnel services	1,127,777	1,079,570	1,055,771	(23,799)
Contractual services/commodities	302,365	338,590	252,653	(85,937)
Depreciation	79,106	79,106	52,546	(26,560)
 Total operating expenses	 1,509,248	 1,497,266	 1,360,970	 (136,296)
OPERATING INCOME (LOSS)	(193,068)	(181,086)	(27,435)	153,651
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,000	1,000	7,593	6,593
Interest expense	(681)	(681)	(741)	(60)
Principal expense	(3,718)	(3,718)	(3,718)	-
 Total non-operating revenues (expenses)	 (3,399)	 (3,399)	 3,134	 6,533
CHANGE IN NET POSITION (BUDGETARY BASIS)	\$ (196,467)	\$ (184,485)	\$ (24,301)	\$ 160,184
ADJUSTMENTS TO GAAP BASIS				
Principal expense			3,718	
 Total adjustments to GAAP basis	 3,718			
CHANGE IN NET POSITION (GAAP BASIS)			(20,583)	
NET POSITION (DEFICIT), MAY 1			(171,994)	
NET POSITION (DEFICIT), APRIL 30			\$ (192,577)	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

April 30, 2019

	Commuter Parking	Tall Oaks	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 56,776	\$ -	\$ 56,776
Prepaid items	318	-	318
Due from other funds	-	28,000	28,000
 Total current assets	 57,094	 28,000	 85,094
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	290,224	-	290,224
 Total noncurrent assets	 290,224	 -	 290,224
 Total assets	 347,318	 28,000	 375,318
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	16,765	-	16,765
 Total deferred outflows of resources	 16,765	 -	 16,765
 Total assets and deferred outflows of resources	 364,083	 28,000	 392,083
CURRENT LIABILITIES			
Accounts payable	2,055	-	2,055
Accrued payroll	2,352	-	2,352
Due to other funds	77,392	-	77,392
Current portion of long-term debt	234	-	234
 Total current liabilities	 82,033	 -	 82,033
NONCURRENT LIABILITIES			
Compensated absences payable	428	-	428
Long-term debt	33,111	-	33,111
 Total noncurrent liabilities	 33,539	 -	 33,539
 Total liabilities	 115,572	 -	 115,572
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	3,587	-	3,587
 Total deferred inflows of resources	 3,587	 -	 3,587
 Total liabilities and deferred inflows of resources	 119,159	 -	 119,159
NET POSITION			
Net investment in capital assets	290,224	-	290,224
Unrestricted (deficit)	(45,300)	28,000	(17,300)
 TOTAL NET POSITION	 \$ 244,924	 \$ 28,000	 \$ 272,924

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended April 30, 2019

	Commuter Parking	Tall Oaks	Total
OPERATING REVENUES			
Parking fees	\$ 94,610	\$ -	\$ 94,610
Tap-on fees	- -	28,000	28,000
 Total operating revenues	 94,610	 28,000	 122,610
OPERATING EXPENSES			
Personnel services	60,418	- -	60,418
Contractual services/commodities	74,949	- -	74,949
Depreciation	5,036	- -	5,036
 Total operating expenses	 140,403	 - -	 140,403
OPERATING INCOME (LOSS)	(45,793)	28,000	(17,793)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	6,094	- -	6,094
 Total non-operating revenues (expenses)	 6,094	 - -	 6,094
CHANGE IN NET POSITION	(39,699)	28,000	(11,699)
NET POSITION, MAY 1	284,623	- -	284,623
NET POSITION, APRIL 30	\$ 244,924	\$ 28,000	\$ 272,924

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended April 30, 2019

	Commuter Parking	Tall Oaks	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 94,652	\$ 28,000	\$ 122,652
Payments to suppliers	(60,219)	-	(60,219)
Payments to employees	(68,900)	-	(68,900)
Net cash from operating activities	<u>(34,467)</u>	<u>28,000</u>	<u>(6,467)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund activity	<u>56,989</u>	<u>(28,000)</u>	<u>28,989</u>
Net cash from noncapital financing activities	<u>56,989</u>	<u>(28,000)</u>	<u>28,989</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>6,094</u>	<u>-</u>	<u>6,094</u>
Net cash from investing activities	<u>6,094</u>	<u>-</u>	<u>6,094</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
None	<u>-</u>	<u>-</u>	<u>-</u>
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	<u>28,616</u>	<u>-</u>	<u>28,616</u>
CASH AND CASH EQUIVALENTS, MAY 1	<u>28,160</u>	<u>-</u>	<u>28,160</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 56,776</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 56,776</u></u>

(This schedule is continued on the following page.)

VILLAGE OF FOX LAKE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS (Continued)
NONMAJOR ENTERPRISE FUNDS

For the Year Ended April 30, 2019

	Commuter Parking	Tall Oaks	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)			
\$ (45,793)	\$ 28,000	\$ (17,793)	
Adjustments to reconcile operating income (loss)			
to net cash from operating activities			
Depreciation	5,036	-	5,036
(Increase) decrease in			
Receivables	42	-	42
Prepaid items	(228)	-	(228)
Pension items	(14,420)	-	(14,420)
Increase (decrease) in			
Accounts payable	(1,316)	-	(1,316)
Accrued payroll	937	-	937
Compensated absences payable	(738)	-	(738)
Pension items	(7,854)	-	(7,854)
Total OPEB liability	8,721	-	8,721
Net pension liability	21,146	-	21,146
NET CASH FROM OPERATING ACTIVITIES	\$ (34,467)	\$ 28,000	\$ (6,467)

(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, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Parking fees	\$ 110,000	\$ 95,000	\$ 94,610	\$ (390)
Total operating revenues	110,000	95,000	94,610	(390)
OPERATING EXPENSES				
Personnel services	80,533	73,416	60,418	(12,998)
Contractual services/commodities	90,084	76,584	74,949	(1,635)
Depreciation	5,036	5,036	5,036	-
Total operating expenses	175,653	155,036	140,403	(14,633)
OPERATING INCOME (LOSS)	(65,653)	(60,036)	(45,793)	14,243
NON-OPERATING REVENUES (EXPENSES)				
Investment income	170	424	6,094	5,670
Total non-operating revenues (expenses)	170	424	6,094	5,670
CHANGE IN NET POSITION (BUDGETARY BASIS)	\$ (65,483)	\$ (59,612)	\$ (39,699)	\$ 19,913
NET POSITION, MAY 1			284,623	
NET POSITION, APRIL 30			\$ 244,924	

(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, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
ADDITIONS			
Contributions			
Employer contributions	\$ 637,063	\$ 642,245	\$ 5,182
Plan members contributions	194,200	191,762	(2,438)
Total contributions	<u>831,263</u>	<u>834,007</u>	<u>2,744</u>
Investment income			
Net appreciation in fair value of investments	750,000	420,551	(329,449)
Interest and dividends	300,000	443,988	143,988
Total investment income	<u>1,050,000</u>	<u>864,539</u>	<u>(185,461)</u>
Less investment expense	<u>(30,000)</u>	<u>(32,696)</u>	<u>(2,696)</u>
Net investment income	<u>1,020,000</u>	<u>831,843</u>	<u>(188,157)</u>
Total additions	<u>1,851,263</u>	<u>1,665,850</u>	<u>(185,413)</u>
DEDUCTIONS			
Pension benefits and refunds	942,573	927,450	(15,123)
Administration			
Fees	41,800	46,268	4,468
Total deductions	<u>984,373</u>	<u>973,718</u>	<u>(10,655)</u>
NET INCREASE	<u>\$ 866,890</u>	<u>692,132</u>	<u>\$ (174,758)</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS			
May 1		<u>16,505,064</u>	
April 30		<u>\$ 17,197,196</u>	

(See independent auditor's report.)

SUPPLEMENTAL DATA

VILLAGE OF FOX LAKE, ILLINOIS

ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT

For the Year Ended April 30, 2019

CSFA Number	Program Name	State	Federal	Other	Total
444-26-1565	Tobacco Enforcement Program	\$ 3,740	\$ -	\$ -	\$ 3,740
494-00-0958	Truck Access Route Program	-	-	-	-
494-00-0967	High-Growth Cities Program	8,672	-	-	8,672
494-00-1488	Motor Fuel Tax Program	446,908	-	-	446,908
494-10-0343	State and Community Highway Safety/National Priority Safety Program	5,408	-	-	5,408
494-42-0495	Local Surface Transportation Program	92,426	-	-	92,426
	Other grant programs and activities	-	1,343	-	1,343
	All other costs not allocated	-	-	20,015,524	20,015,524
TOTALS		\$ 557,154	\$ 1,343	\$ 20,015,524	\$ 20,574,021

(See independent auditor's report.)

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2019, and the related notes to financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
December 18, 2019