

VILLAGE OF FOX LAKE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2015

Prepared by the Finance Department

Stephanie Hannon, Finance Director

VILLAGE OF FOX LAKE, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT



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Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Fox Lake, Illinois (the Village) as of and for the year ended April 30, 2015, 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 contained 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, the Village adopted new accounting guidance, GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB No. 25*, during the year ended April 30, 2015. The implementation of this guidance resulted in changes to the police and fire pension related notes presented in the notes to financial statements and the required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The combining and individual fund financial statements and schedules are 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 22, 2015 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.

A handwritten signature in cursive script, appearing to read "A. J. 22P".

Naperville, Illinois
December 22, 2015

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

The Village of Fox Lake (the "Village") Management's Discussion and Analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns at and for the year ended April 30, 2015. As the Village presents its financial statements in conformity with the Governmental Accounting Standards Board Statement No. 34 reporting requirements, prior year comparative information has been included in the Village's MD&A.

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

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Government-Wide Financial Statements

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

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

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

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The Village of Fox Lake' governmental activities include general government, public safety, and public works, parks and recreation and economic development. The business-type activities include the Water and Sewer, Water Reclamation, 911 Dispatch Services, the Commuter Parking. The Police Pension Plan and Fire 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, 2015

Fund Financial Statements

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

Governmental Funds

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

The Village of Fox Lake has three individual governmental funds: General Fund, Motor Fuel Tax Fund and Tax Increment Financing Fund. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances (deficit) for the General Fund. Major funds are defined as those governmental or enterprise funds whose total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the totals for all funds of that category (governmental or enterprise) and at least 5% of the combined totals for governmental and enterprise funds. The remaining two funds' data is combined into a single column labeled "nonmajor governmental funds." *Individual fund data for these nonmajor governmental funds is presented beginning on page 67 of this report.*

Proprietary Funds

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

Fiduciary Funds

The Police Pension and the Fire Pension Fund are the Village's two fiduciary funds. The Village dissolved the Fire Pension fund with the approval of the Illinois Department of Insurance; therefore, this year will be the last year the Fund will be reported in the Village's financial statements. The fiduciary funds are not reflected in the government-wide financial statements because its resources are not available to support the Village's programs, but are used to account for resources held for the benefit of the eligible police officers and fire fighters. The accounting used for fiduciary funds is similar to that used for proprietary funds. *The Police Pension and Fire 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 are preceded by an index which begins on page 16 of this report.*

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

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 33 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, 2015 was \$98,572,112, which represents a decrease of \$632,964 as compared to April 30, 2014. The Village's net position from governmental activities decreased by \$645,620 and net position from business-type activities increased by \$12,656 based upon restated FY2014 balances. Table 1 below presents a summary of governmental and business-type net position as of April 30, 2015 compared to April 30, 2014. *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, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 13,005,507	\$ 10,145,749	\$ 13,657,992	\$ 13,706,387	\$ 26,663,499	\$ 23,852,136
Capital assets	29,290,650	30,806,169	57,632,766	55,670,070	86,923,416	86,476,239
Total Assets	42,296,157	40,951,918	71,290,758	69,376,457	113,586,915	110,328,375
Deferred outflows of resources						
	-	-	116,430	-	116,430	-
Liabilities						
Current liabilities	594,134	429,736	876,787	272,886	1,470,921	702,622
Noncurrent liabilities	5,464,618	3,881,649	4,507,447	3,093,273	9,972,065	6,974,922
Total Liabilities	6,058,752	4,311,385	5,384,234	3,366,159	11,442,986	7,677,544
Deferred inflows of resources						
	3,688,247	3,445,755	-	-	3,688,247	3,445,755
Prior Period Adjustment						
	(2,283,330)		(76,372)		(2,359,702)	
Net Position						
Net investment in capital assets	25,533,561	27,818,909	53,441,455	52,679,159	78,975,016	80,498,068
Restricted net position	2,194,697	2,534,972	-	979,638	2,194,697	3,514,610
Unrestricted net position	4,820,900	2,840,897	12,581,499	12,351,501	17,402,399	15,192,398
Total Net Position	\$ 32,549,158	\$ 33,194,778	\$ 66,022,954	\$ 66,010,298	\$ 98,572,112	\$ 99,205,076

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

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 2015, governmental activities net position totaled \$32,549,158 reflecting an increase of \$1,637,710 over the prior fiscal year. Governmental activities total assets increased \$1,344,239 and governmental activities total liabilities increased \$1,747,367.

The \$1,344,239 increase in total assets resulted from a \$2,859,758 increase in current and other assets and a decrease of \$1,515,519 decrease in capital assets. The increase in current and other assets reflects the issuance of a GO Debt Certificate 2014B for the road program and increases in tax revenues. The decrease in capital assets of \$1,515,519 is mostly related to depreciation of capital assets.

All of the governmental funds experienced increases in their cash position as a result of budget surpluses. This increase resulted from more timely receipt of state-shared revenues and budget surpluses. Note: in prior years, the Fire Protection District was reported as a special revenue fund; however, as the Villages roll is to levy, collect and distribute tax funds to the Fire Department the need to categorize the financial information separately was not required.

The \$1,747,367 increase in total liabilities resulted from an increase of \$1,582,969 in noncurrent liabilities related to the issuance of the 2014B Debt Certificates, and \$194,866 in accounts payable retainage and payments for the road construction project.

Business-Type Activities

The business-type activities net position increased by \$89,028. Business-type activities total assets increased \$1,914,301 and total liabilities increased \$2,018,075. The decrease in total assets includes a \$1,962,696 increase in capital assets and a \$48,395 decrease in current and other assets. The majority of the increase in current assets occurred due to a change in accounting for the 911 Center from Governmental Fund to Business-Type Funds and \$1,777,416 increase in cash position due to water rate increases to add to reserve balances related to infrastructure improvements and a decrease in expenses related to improved maintenance offset by a \$1,193,899 decrease in the Northwest Region Water Reclamation Fund related to the acquisition of right of way land, purchase of four new pumps for the screw rehabilitation, fabrication of a Dystor and a Secondary Digester. The increase in total liabilities includes a \$603,901 increase in current liabilities and a \$1,414,174 increase in noncurrent liabilities. The increase in current liabilities relates to the increase in accounts payable of \$624,388 in all business type funds due to the water tower, headworks rehabilitation, and scada system costs being completed in April 2015 and paid in FY2015-16 and \$37,121 related to the 911 dispatch services properly accounting for retainage and accounting for 911 Dispatch services as a business-type activity. The increase in noncurrent liabilities occurred in the Water Fund the IEPA loan related to the Holiday Park Tower.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

Changes in Net Position

The Village's combined change in net position for FY2015 was an increase of \$1,726,738. Business-type activities saw an increase in net position of \$12,656 and a decrease of \$262,240 since the beginning of fiscal year 2014. The table below shows the condensed revenues and expenses of the Village's activities.

Table 2: Comparative Changes in Net Position as of April 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for services	\$ 3,754,194	\$ 3,636,770	\$ 10,328,665	\$ 8,473,332	\$ 14,082,859	\$ 12,110,102
Operating and capital grants	459,332	225,513	97,369	3,713	556,701	229,226
General Revenues						
Property taxes	3,482,170	3,545,498	-	-	3,482,170	3,545,498
All other taxes	5,496,513	5,511,972	-	-	5,496,513	5,511,972
Other Revenues and Transfers	151,407	8,994	77,088	11,119	228,495	20,113
Total revenues	13,343,616	12,928,747	10,503,122	8,488,164	23,846,738	21,416,911
Expenses						
General government	1,333,242	2,613,793	-	-	1,333,242	2,613,793
Public safety	6,306,605	6,489,040	-	-	6,306,605	6,489,040
Public works	3,205,557	2,509,298	-	-	3,205,557	2,509,298
Parks & Recreation	343,593	260,347	-	-	343,593	260,347
Economic development	333,728	-	-	-	333,728	-
Interest	183,181	114,682	-	-	183,181	114,682
Water	-	-	2,978,143	2,584,244	2,978,143	2,584,244
Wastewater reclamation	-	-	6,156,463	5,981,777	6,156,463	5,981,777
9211 Dispatch Service	-	-	1,010,415	-	1,010,415	-
Parking	-	-	269,073	197,039	269,073	197,039
Total expenses	11,705,906	11,987,160	10,414,094	8,763,060	22,120,000	20,750,220
Change in net position	1,637,710	941,587	89,028	(274,896)	1,726,738	666,691
Net Position - May 1	33,194,778	32,500,349	66,010,298	66,285,194	99,205,076	98,785,543
Prior period adjustment	(2,283,330)	(247,158)	(76,372)		(2,359,702)	(247,158)
Net Position, May 1, as restated	30,911,448	32,253,191	65,933,926	66,285,194	96,845,374	98,538,385
Net Position - April 30	\$ 32,549,158	\$ 33,194,778	\$ 66,022,954	\$ 66,010,298	\$ 98,572,112	\$ 99,205,076

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

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 Council has limited authority to impose and periodically increase certain rates (water, licenses, permits, fines, inspection fees, etc.).

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

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

Expenses:

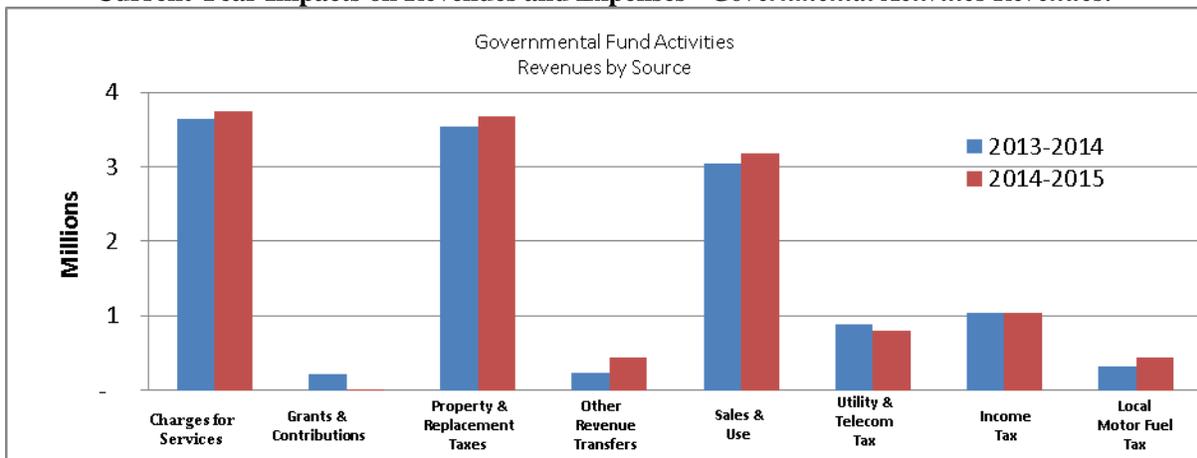
Introduction/elimination of programs and services – Within the functional expense categories (General Government, Public Safety, Public Works, etc.) programs and services may be added or deleted to address changing community needs, unfunded mandates from other governmental levels, and funding available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

Increases/decreases in the number of authorized personnel – The Village Board may authorize increases or decreases in staffing levels based upon program and service changes. Staffing costs (salary and related benefits) represent approximately 47% of the Village’s General Fund operating costs and 30% of the business-type activities funds.

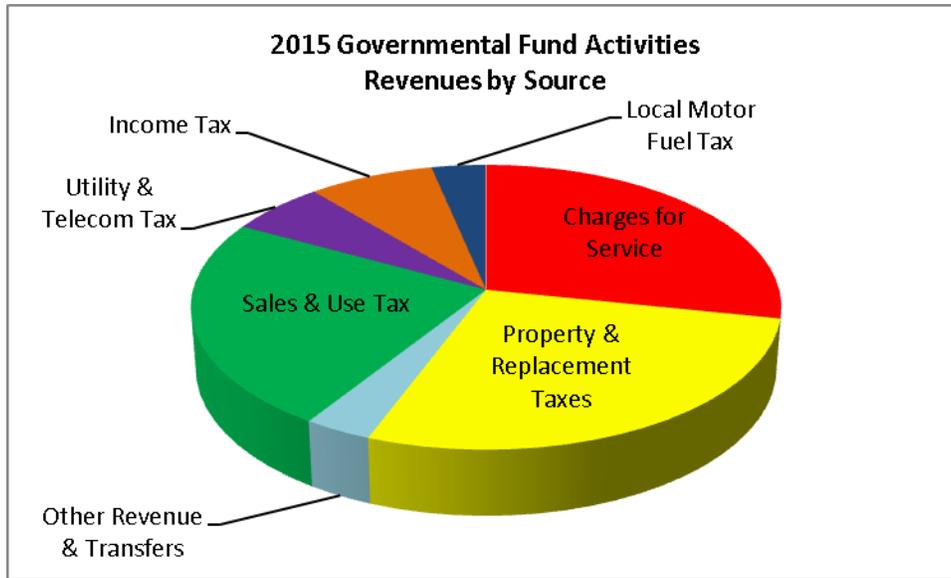
Salary increases (annual adjustments and merit) - The Village has two separate bargaining units representing approximately 55% of the employee population.

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

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



VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015



For the fiscal year ended April 30, 2015, revenues from governmental activities totaled \$13,343,616 an increase of \$414,869 or 3.2% 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. Charges for Services were the Village's largest revenue source at \$3,754,194, representing 28.13% of the total Governmental Activity revenue. The primary Charges for Services revenues include reimbursement of general fund services to the Parking, Water and NW Regional Funds of \$1,355,009, refuse fees \$929,133, reimbursable expenses \$261,011, police fines \$234,802, licenses and permit fees \$185,186, and parks and recreational fees \$106,272. 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.

At \$3,552,370 and 26.10% of total revenues, property and replacement taxes comprise the second largest single source of governmental activity revenue for the Village. The total property taxes received included \$3,573,098 of taxes levied by the Village, \$70,200 for replacement taxes and \$36,326 in property tax increment revenue generated by the Village's tax increment financing (TIF) district. The levied property taxes received are restricted in their use, as follows:

<u>Tax Levy Use</u>	<u>Amount</u>
Ambulance	\$584,365
Audit Tax	\$ 18,003
Corporate	\$870,895
Fire Protection	\$620,182
IMRF	\$126,214
Police Pension	\$484,444
Police Protection/System	\$231,838
Social Security	\$159,634
Tort Judgement/Liability Insurance	\$350,267
Road and Bridge	\$127,254

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

In fiscal year 2015, property tax revenues increased by \$63,926 or 1.8% mainly due to the rate of inflation limited by the Property Tax Extension Limitation Law.

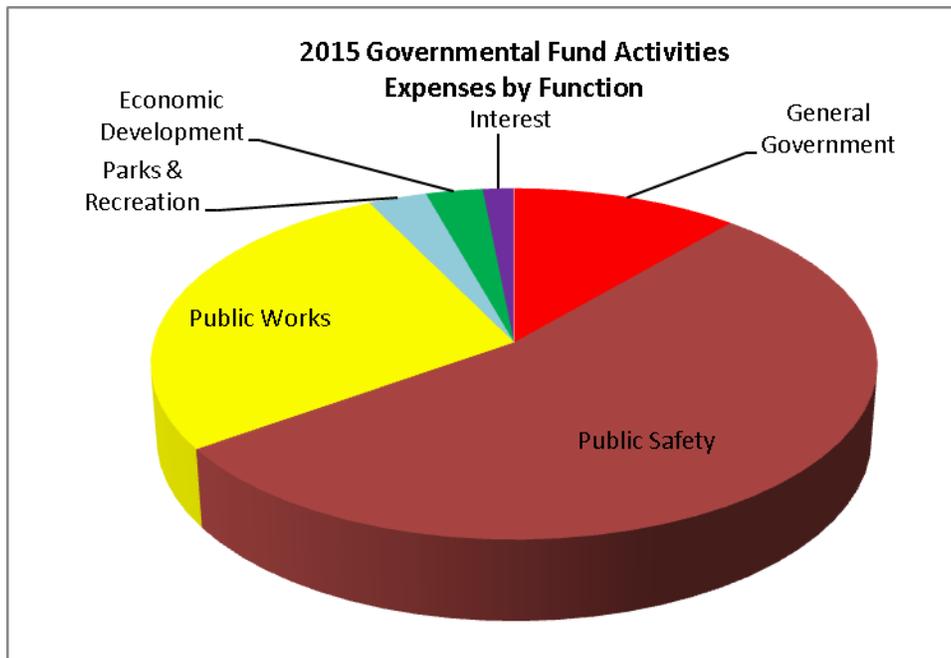
Sales and Use Taxes represent the third largest revenue source at \$3,173,779 or 23.79%. Grants and Utility taxes were the only categories that did not experience growth. It appears most tax revenues have stabilized and are seeing positive growth especially in the lumber/hardware and filling station sectors. The Village is seeing a rebound in the housing market and more people are driving to their vacation destinations. The majority of these taxes are heavily dependent upon the state of the economy, including employment levels and the levels of expendable income for entertainment and extraneous purchases, as well as the Village's population. As such, the Village has experienced a slow and steady recovery in these revenues.

The operating and capital grants and contributions segment of program revenues includes the Village's motor fuel tax allotment and grants for public works improvements. For fiscal year 2015, revenue derived from operating and capital grants totaled \$459,332 and represented 3.9% of total governmental activity revenue. Of this total, the Village received \$447,590 from the motor fuel tax allotment, \$3,080 from the tobacco grant and \$8,662 state and community highway safety grant.

The remaining governmental activity revenues include investment income, gain on sale of capital assets, transfers and miscellaneous income. For fiscal year 2015, these revenues totaled \$151,407 or 1.13% of total governmental activities revenues: \$19,137 relates to the sale of property associated with the Police and Motor Pool, \$137,225 for franchise fees, \$48,308 relates to reimbursable income and \$29,409 for other miscellaneous income offset by \$86,314 in transfers. Transfers represent assets and liabilities transferred for the establishment of the 911 Dispatch Services fund.

Expenses:

For the fiscal year ended April 30, 2015, expenses from governmental activities totaled \$11,705,906, which represents a decrease of \$281,254, or 2.35%, compared to the prior year.



VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

Public safety represents the largest portion of governmental activity expenses. Public safety consists of the Village's police department, including all related personnel, pension, training, supplies, and services for the 911 emergency dispatch center. For fiscal year 2015, expenses for public safety were \$6,306,605 and represented 53.9% of total governmental activity expenses. Public safety expenses decreased \$182,435 from the prior year, which reflects the reclassification of the 911 center as a business-type activity, offset by the allocation of expenses to the Police Department for 911 charges, and the increase in the Village's contribution to the police pension fund.

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 2015, expenses for public works totaled \$3,205,557 and represented 27.39% of total governmental activities expenses. The \$696,259 increase in public works expenses from the prior year reflects the allocation of expenses for garbage (solid waste) from general government to public works.

General government is the third major category of governmental activity expenses. General government includes expenses for the Village Council, Village Clerk, administration, legal services, finance, engineering, technology, liability insurance, and utilities. For fiscal year 2015, expenses for general government were \$1,333,242 which represented 11.39% of total governmental activities expenses. General government expenses decreased \$1,280,551 from the prior year, due to \$929,134 in garbage expenses being moved to public works and \$333,728 for economic development being broken out separately.

Parks and recreation represents the fourth largest category under governmental activity expenses. Parks and recreation includes expenses for special events, cultural programs and recreational activities for residents of the community. For fiscal year 2015, expenses for parks and recreation increased by \$83,246 related to the Illinois Park and Recreation Facility Construction Grant dollar to pay for the improvement at the Lakefront Park facility.

Economic Development represents a new category of expenses. 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 2015, expenses for economic development were \$333,728. Cost in the area did increase from the prior year due to the addition of an Assistant to the Director position.

Business-Type Activities

Revenues:

Total revenues for the Village's business-type activities for fiscal year 2015 were \$10,319,439.

Business-type activities in the Village consist of water operations, waste water reclamation, 911 dispatch center and parking operations. In fiscal year 2015, \$5,224,667 of program revenue were generated by charges for service from wastewater reclamation, \$4,025,403 from water operations, \$947,720 from 911 dispatch services and \$130,875 by parking operations..

Expenses:

Total expenses for the Village's business-type activities for fiscal year 2015 were \$10,414,094. Of the total expenses for business-type activities, \$6,156,463 is attributable to wastewater reclamation, \$2,978,143 to water and sewer operations, \$1,010,415 to 911 dispatch services and \$269,073 to parking operations.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

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, 2015, the Governmental Funds (as presented beginning on page 7) reported a combined fund balance of \$8,745,312 which is a \$2,463,670, or 39.22%, increase from the beginning of the year balance of \$6,281,642. Of the total year-end fund balance, none is unassigned, indicating all Village funds are assigned, committed or restricted. Fund balances also include \$141,381 non-spendable, \$1,850,387 restricted, \$4,751,618 committed, and \$859,678 assigned.

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The total fund balance of the General Fund increased by \$1,602,940, or 26.72%, from the beginning of year balance. The increase in fund balance reflects \$2,003,400 from the issuance of debt, \$39,563 related to the premium on debt issuance, and \$527,251 in general government and \$258,554 in community development departmental savings offset by \$1,505,482 in additional capital expenses for Phase I of the road programs. The departmental savings were in Administration - \$268,697 which is related to less than anticipated business rebates and reduction in liability and workers compensation premiums and Community Development - \$258,554 related to the delay in hiring of a director and less than anticipated legal fees.

Proprietary Funds

At April 30, 2015, the Enterprise Funds' (as presented beginning on page 11) total net position increased by \$89,028 over the prior year.

The Water and Sewer Fund reflected an increase in net position of \$1,147,931. This increase was comprised of water fees charged to customers exceeding water related expenses. The Village increased water rates and changed the rate structure to better reflect an allocation methodology reflective of fixed and variable expenses. The rates will continue to be adjusted to create a reserve for future infrastructure improvements.

The Northwest Region Water Reclamation Fund experienced a decrease in net position of \$944,350. This decrease was comprised of water reclamation expenses exceeding revenues generated by County Sewer Charges and Tap-on-Fees. The Village will be reviewing the current fee structure to determine whether increases or changes to the rates will be required.

The 911 Dispatch Services Fund reflected a \$23,635 increase in net position. The fund was established in FY2014-15. The revenues, expenses, and balance sheet information were included in the General Fund; however, since the 911 Center provides services to other outside entities it should be considered an Enterprise Fund and is now properly accounted for in the correct fund type.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village's appropriations for the year were not amended. However, the Villages final operating budget differs from the original budget and is not included in the financial statements presented. For FY2014-15 the Village passed an Appropriation Ordinance and the amounts are reflected in the Schedule of Revenues, Expenses, and Changes in Net Position for each fund.

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

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

The process will begin with all departments of the Village submitting their budget requests to the Village Treasurer/Finance Director. 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 Council prior to May 1.

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

CAPITAL ASSETS

At the end of FY2015, the Village had a combined total of \$86,923,116 of capital assets invested in land; equipment; buildings and improvements; vehicles; infrastructure; water, sewer, and waste water reclamation facilities and lines; and a commuter lot (see Table 4 below). *The following tables summarize the changes in capital assets, which are presented in detail in Note 4 in the Notes to the Financial Statements.*

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

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	2015	2014	2015	2014	2015	2014
Land (includes rights of way and easements)	\$ 12,472,517	\$ 12,278,185	\$ 1,758,063	\$ 708,468	\$ 14,230,580	\$ 12,986,653
Construction in progress	88,040	-	2,053,320	565,378	2,141,360	565,378
Buildings and improvements	4,927,076	5,122,229	29,113,806	30,138,719	34,040,882	35,260,948
Vehicles & Equipment	1,298,767	1,433,327	3,301,227	2,476,466	4,599,994	3,909,793
Infrastructure	10,503,950	9,602,806	-	-	10,503,950	9,602,806
Water transmission system	-	-	11,989,127	11,898,643	11,989,127	11,898,643
Sewer collection system	-	-	9,417,223	9,904,892	9,417,223	9,904,892
Total capital assets	<u>\$ 29,290,350</u>	<u>\$ 28,436,547</u>	<u>\$ 57,632,766</u>	<u>\$ 55,692,566</u>	<u>\$ 86,923,116</u>	<u>\$ 84,129,113</u>

For fiscal year 2015, the Village's total capital assets, net of depreciation, increased \$2,794,303. Capital assets of business-type activities increased \$1,940,200 due to increase in construction in progress related to the Holiday Park Tower less annual depreciation. Capital assets of government activities increased \$854,103 due Phase I of the road program improvements.

Table 5: Change in Capital Assets

	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
	2015	2015	2015
Beginning Balance	\$ 28,436,547	\$ 55,692,566	\$ 84,129,113
Additions			
Depreciable	1,563,931	1,738,847	3,302,778
Nondepreciable	282,672	2,891,405	3,174,077
Retirements			
Depreciable	(164,439)	-	(164,439)
Nondepreciable	-	(353,868)	(353,868)
Depreciation	(828,061)	(2,336,184)	(3,164,245)
	<u>\$ 29,290,650</u>	<u>\$ 57,632,766</u>	<u>\$ 86,923,416</u>

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

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

Governmental Activities

General Government

Land – Lake Front Park - \$194,632

Police Department

HVAC - \$22,895

Three police vehicles - \$125,954

Public Works

Skidloader - \$44,612

Lust Tank Removal and Remediation - \$40,673

Sayton Road improvements - \$38,360

Road Improvements – West Shore Drive, Deerpath Court, Livingston Street, Chris Larkin and Mallard Court - \$1,370,470

Business-Type Activities

Water & Sewer

Fire Hydrant Replacement - \$329,662

Master Plan - \$178,506

Holiday Park Tower – CIP - \$1,739,542

Hawthorne Lane - CIP - \$8,149

Glen and North – CIP - \$7,000

Northwest Region Reclamation

Screw Rehabilitation (4 new pumps) - \$589,647

Dystor Fabrication - \$186,397

Secondary Digester - \$300,986

Debt Outstanding

The Village of Fox Lake governmental activities had total long-term debt of \$9,972,065 as of April 30, 2015. Long-term debt is comprised of general obligation debt, Illinois EPA low interest loan, net pension obligation, compensated absences payable to employees, unamortized bond premium, and other postemployment benefit obligations. *For more detail on the Village's long-term debt, see Note 6 (d) 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 \$7,243,432. Under state statutes, the Village's aggregated general obligation indebtedness cannot exceed 8.625% of the value of taxable property within the Village. As of April 30, 2015, the total debt applicable to this limit was \$7,243,432 well below the \$21,063,665 set by law. None of the general obligation debt is bonded debt, and; therefore, is not supported with a direct tax on the residents of the Village.

Illinois Environmental Protection Agency Loan: The Village has a low interest rate loan due in semiannual installments of principal and interest in amounts to be determined at the project completion with interest payment at 1.995% the year,

Compensated absences: At the end of the year, compensated absences payable totaled \$451,483, which reflected an increase of \$105,083 from the prior year. This increase reflects the expense of salary increases.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2015

Net pension obligation: As of April 30, 2015, the Village's net pension obligation totaled \$398,103 which reflected a decrease of \$86,441 over the prior year. As of the last valuation date, the Police Pension Fund had a funded ratio of 70.45%. While the Village has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 70.78% of the Village's FY2015 contribution. The police pension tax does not have a rate ceiling; however, the Village's ability to increase this tax levy is limited by the tax caps imposed by the state of Illinois. *For more detail on the Village's pension obligations see Note 9 (b) in the Notes to the Financial Statements.*

Other postemployment benefit (OPEB) obligations: As of April 30, 2015, the Village's net OPEB obligation totaled \$144,666. The Village is not required to and currently does not advance fund this obligation. *For more detail on the Village's OPEB obligation see Note 10 (e) in the Notes to the Financial Statements.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The second component of the strategic financial plan encompassed opportunities to reduce or stabilize growth in expenditures. Due to budget reductions over the years, including personnel, the majority of the Village's budget is now dedicated to personnel and related benefits. The FY2015-2016 budget adopted on April 27, 2015 reflects no fee increases, revenues continue to be reliant on economically-driven revenue streams to support basic Village services, and no significant service modifications are anticipated.

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

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 7,704,178	\$ 11,031,063	\$ 18,735,241
Receivables, net of allowance for uncollectibles			
Property taxes	3,688,247	-	3,688,247
Accounts	470,532	2,311,611	2,782,143
Intergovernmental	956,470	-	956,470
Prepaid items	81,647	344,128	425,775
Inventory	75,623	-	75,623
Internal balances	28,810	(28,810)	-
Capital assets			
Capital assets not being depreciated	12,560,857	3,811,383	16,372,240
Capital assets being depreciated, net	16,729,793	53,821,383	70,551,176
Total assets	42,296,157	71,290,758	113,586,915
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized charge on refunding	-	116,430	116,430
Total deferred outflows of resources	-	116,430	116,430
Total assets and deferred outflows of resources	42,296,157	71,407,188	113,703,345
LIABILITIES			
Accounts payable	407,779	802,912	1,210,691
Accrued payroll	147,724	73,875	221,599
Interest payable	22,187	-	22,187
Deposits payable	16,444	-	16,444
Noncurrent liabilities			
Due within one year	447,071	477,940	925,011
Due in more than one year	5,017,547	4,029,507	9,047,054
Total liabilities	6,058,752	5,384,234	11,442,986
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	3,688,247	-	3,688,247
Total deferred inflows of resources	3,688,247	-	3,688,247
Total liabilities and deferred inflows of resources	9,746,999	5,384,234	15,131,233
NET POSITION			
Net investment in capital assets	25,533,561	53,441,455	78,975,016
Restricted for			
Economic development	271,186	-	271,186
Maintenance of roadways	855,173	-	855,173
DUI enforcement	45,589		45,589
Insurance	28,954		28,954
Northwest Region improvements	993,795		993,795
Unrestricted	4,820,900	12,581,499	17,402,399
TOTAL NET POSITION	\$ 32,549,158	\$ 66,022,954	\$ 98,572,112

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2015

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,333,242	\$ 1,399,493	\$ 11,742	\$ -
Public safety	6,306,605	1,163,069	-	-
Public works	3,205,557	1,085,360	447,590	-
Parks and recreation	343,593	106,272	-	-
Economic development	333,728	-	-	-
Interest and fiscal charges	183,181	-	-	-
Total governmental activities	11,705,906	3,754,194	459,332	-
Business-Type Activities				
Water and sewer	2,978,143	4,025,403	-	97,369
Wastewater reclamation	6,156,463	5,224,667	-	-
911 dispatch services	1,010,415	947,720	-	-
Parking	269,073	130,875	-	-
Total business-type activities	10,414,094	10,328,665	-	97,369
TOTAL PRIMARY GOVERNMENT	\$ 22,120,000	\$ 14,082,859	\$ 459,332	\$ 97,369

	Net (Expense) Revenue and Change in Net Position		
	Governmental	Business-Type	Total
	Activities	Activities	
	\$ 77,993	\$ -	\$ 77,993
	(5,143,536)	-	(5,143,536)
	(1,672,607)	-	(1,672,607)
	(237,321)	-	(237,321)
	(333,728)	-	(333,728)
	(183,181)	-	(183,181)
	(7,492,380)	-	(7,492,380)
	-	1,144,629	1,144,629
	-	(931,796)	(931,796)
	-	(62,695)	(62,695)
	-	(138,198)	(138,198)
	-	11,940	11,940
	(7,492,380)	11,940	(7,480,440)
General Revenues			
Taxes			
Property tax	3,482,170	-	3,482,170
Utility tax	796,975	-	796,975
Sales tax	2,955,585	-	2,955,585
Use tax	218,194	-	218,194
Hotel/motel tax	5,089	-	5,089
Road and bridge tax	127,254	-	127,254
Video gaming proceeds	287,141	-	287,141
Rental car taxes	25	-	25
Replacement tax	70,200	-	70,200
Shared income tax	1,036,050	-	1,036,050
Miscellaneous	214,942	-	214,942
Gain on sale of capital assets	19,137	-	19,137
Investment income	3,642	(9,226)	(5,584)
Transfers	(86,314)	86,314	-
Total	9,130,090	77,088	9,207,178
CHANGE IN NET POSITION	1,637,710	89,028	1,726,738
NET POSITION, MAY 1	33,194,778	66,010,298	99,205,076
Prior period adjustment	(2,283,330)	(76,372)	(2,359,702)
NET POSITION, MAY 1, AS RESTATED	30,911,448	65,933,926	96,845,374
NET POSITION, APRIL 30	\$ 32,549,158	\$ 66,022,954	\$ 98,572,112

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 6,582,659	\$ 1,121,519	\$ 7,704,178
Receivables, net			
Property taxes	3,650,927	37,320	3,688,247
Accounts	470,532	-	470,532
Intergovernmental	931,865	24,605	956,470
Prepaid items	81,647	-	81,647
Inventory	59,734	15,889	75,623
Due from other funds	66,760	-	66,760
TOTAL ASSETS	\$ 11,844,124	\$ 1,199,333	\$ 13,043,457
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 388,016	\$ 19,763	\$ 407,779
Accrued payroll	147,724	-	147,724
Deposits payable	16,444	-	16,444
Due to other funds	37,949	2	37,951
Total liabilities	590,133	19,765	609,898
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	3,650,927	37,320	3,688,247
Total deferred inflows of resources	3,650,927	37,320	3,688,247
Total liabilities and deferred inflows of resources	4,241,060	57,085	4,298,145
FUND BALANCES			
Nonspendable prepaid items	81,647	-	81,647
Nonspendable inventory	59,734	15,889	75,623
Restricted for capital outlay	782,049	-	782,049
Restricted for DUI enforcement	45,589	-	45,589
Restricted for insurance	28,954	-	28,954
Restricted for Northwest Region improvements	993,795	-	993,795
Restricted for economic development	-	271,186	271,186
Restricted for maintenance of roadways	-	855,173	855,173
Committed by reserve policy	4,751,618	-	4,751,618
Assigned for capital projects	859,678	-	859,678
Unassigned	-	-	-
Total fund balances	7,603,064	1,142,248	8,745,312
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,844,124	\$ 1,199,333	\$ 13,043,457

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, 2015

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 8,745,312
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	29,290,650
Interest payable is accrued as incurred in the statement of activities as opposed to when paid in governmental funds	(22,186)
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	(4,539,137)
Compensated absences payable	(382,712)
Net pension obligation	(398,103)
Net other postemployment benefit	<u>(144,666)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 32,549,158</u></u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 4,880,522	\$ 36,326	\$ 4,916,848
Licenses, permits and fees	543,528	-	543,528
Intergovernmental	4,073,577	447,590	4,521,167
Charges for services	1,305,800	-	1,305,800
Fines and forfeitures	288,845	-	288,845
Investment income	3,398	244	3,642
Miscellaneous	1,637,651	-	1,637,651
Total revenues	12,733,321	484,160	13,217,481
EXPENDITURES			
Current			
General government	1,273,004	-	1,273,004
Public safety	5,973,857	-	5,973,857
Public works	2,328,701	298,826	2,627,527
Parks and recreation	300,271	-	300,271
Economic development	322,737	11,514	334,251
Capital outlay	1,728,382	110,705	1,839,087
Debt service			
Principal	431,214	-	431,214
Interest and fiscal charges	158,269	-	158,269
Bond issue costs	39,563	-	39,563
Total expenditures	12,555,998	421,045	12,977,043
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	177,323	63,115	240,438
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	21,398	-	21,398
Proceeds from issuance of debt	2,003,400	-	2,003,400
Premium on debt issuance	39,563	-	39,563
Transfers in	228,619	832,922	1,061,541
Transfers (out)	(867,363)	(35,307)	(902,670)
Total other financing sources (uses)	1,425,617	797,615	2,223,232
NET CHANGE IN FUND BALANCES	1,602,940	860,730	2,463,670
FUND BALANCES, MAY 1	6,014,832	281,518	6,296,350
Prior period adjustment	(14,708)	-	(14,708)
FUND BALANCES, MAY 1, AS RESTATED	6,000,124	281,518	6,281,642
FUND BALANCES, APRIL 30	\$ 7,603,064	\$ 1,142,248	\$ 8,745,312

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, 2015

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS \$ 2,463,670

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	1,846,603
Depreciation expense	(990,239)

Governmental activities transferred capital assets and debt to business-type activities (51,873)

Proceeds from the disposal of capital assets is reported in governmental funds but the gain (loss) on the disposal is calculated and reported in the statement of activities (2,261)

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 debt	(2,042,963)
Retirement of general obligation debt	441,959
Change in compensated absences payable	(47,538)
Change in net pension obligation payable	86,441
Change in net other postemployment benefit payable	(69,995)

Changes to accrued interest on long-term debt in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds 3,906

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,637,710

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

April 30, 2015

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Commuter Parking Lot	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,239,988	\$ 8,782,915	\$ 7,367	\$ 793	\$ 11,031,063
Receivables					
Accounts (net of allowance for uncollectible accounts)	740,703	1,533,114	37,794	-	2,311,611
Prepaid items	293,233	33,302	17,338	255	344,128
Due from other funds	36,915	-	1,033	-	37,948
Total current assets	3,310,839	10,349,331	63,532	1,048	13,724,750
NONCURRENT ASSETS					
Capital assets, net of accumulated depreciation	15,276,581	41,981,730	64,086	310,369	57,632,766
Total noncurrent assets	15,276,581	41,981,730	64,086	310,369	57,632,766
Total assets	18,587,420	52,331,061	127,618	311,417	71,357,516
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	116,430	-	-	-	116,430
Total deferred outflows of resources	116,430	-	-	-	116,430
Total assets and deferred outflows of resources	18,703,850	52,331,061	127,618	311,417	71,473,946
CURRENT LIABILITIES					
Accounts payable	550,773	238,700	10,664	2,775	802,912
Accrued payroll	18,083	35,910	19,121	761	73,875
Due to other funds	-	2,080	-	64,678	66,758
Current portion of long-term debt	470,604	-	7,336	-	477,940
Total current liabilities	1,039,460	276,690	37,121	68,214	1,421,485
NONCURRENT LIABILITIES					
Compensated absences payable	36,359	128,533	32,411	2,403	199,706
Long term debt	3,795,350	-	34,451	-	3,829,801
Total noncurrent liabilities	3,831,709	128,533	66,862	2,403	4,029,507
Total liabilities	4,871,169	405,223	103,983	70,617	5,450,992
NET POSITION					
Net investment in capital assets	11,127,057	41,981,730	22,299	310,369	53,441,455
Unrestricted	2,705,624	9,944,108	1,336	(69,569)	12,581,499
TOTAL NET POSITION	\$ 13,832,681	\$ 51,925,838	\$ 23,635	\$ 240,800	\$ 66,022,954

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2015

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Commuter Parking Lot	Total
OPERATING REVENUES					
Water sales	\$ 3,825,072	\$ -	\$ -	\$ -	\$ 3,825,072
Sewer fees	-	4,673,394	-	-	4,673,394
Dispatch fees	-	-	947,011	-	947,011
Parking fees	-	-	-	130,875	130,875
Tap on fees	74,781	525,780	-	-	600,561
Miscellaneous	125,550	25,493	709	-	151,752
Total operating revenues	4,025,403	5,224,667	947,720	130,875	10,328,665
OPERATING EXPENSES					
Administrative and finance	775,336	1,558,254	835,242	35,945	3,204,777
Contractual services/commodities	1,502,547	2,813,598	151,609	227,581	4,695,335
Depreciation	523,798	1,784,611	22,228	5,547	2,336,184
Total operating expenses	2,801,681	6,156,463	1,009,079	269,073	10,236,296
OPERATING INCOME (LOSS)	1,223,722	(931,796)	(61,359)	(138,198)	92,369
NON-OPERATING REVENUES (EXPENSES)					
Investment income	3,302	(12,554)	16	10	(9,226)
Interest and fiscal charges	(176,462)	-	(1,336)	-	(177,798)
Total non-operating revenues (expenses)	(173,160)	(12,554)	(1,320)	10	(187,024)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,050,562	(944,350)	(62,679)	(138,188)	(94,655)
Capital contributions	97,369	-	51,873	-	149,242
Transfers in	-	-	34,441	-	34,441
CHANGE IN NET POSITION	1,147,931	(944,350)	23,635	(138,188)	89,028
NET POSITION, MAY 1	12,738,259	52,889,216	-	382,823	66,010,298
Prior period adjustment	(53,509)	(19,028)	-	(3,835)	(76,372)
NET POSITION, MAY 1, AS RESTATED	12,684,750	52,870,188	-	378,988	65,933,926
NET POSITION, APRIL 30	\$ 13,832,681	\$ 51,925,838	\$ 23,635	\$ 240,800	\$ 66,022,954

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

April 30, 2015

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Commuter Parking Lot	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,927,178	\$ 5,365,977	\$ 909,926	\$ 130,875	\$ 10,333,956
Payments to suppliers	(1,721,803)	(1,524,870)	(783,710)	(33,009)	(4,063,392)
Payments to employees	(749,301)	(2,767,081)	(158,283)	(220,085)	(3,894,750)
Net cash from operating activities	1,456,074	1,074,026	(32,067)	(122,219)	2,375,814
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund activity	(36,915)	(22,549)	(1,033)	64,678	4,181
Net cash from noncapital financing activities	(36,915)	(22,549)	(1,033)	64,678	4,181
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	409,071	1,994,989	-	-	2,404,060
Interest received	3,302	15,453	16	10	18,781
Net cash from investing activities	412,373	2,010,442	16	10	2,422,841
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(1,895,721)	(1,868,019)	-	-	(3,763,740)
Capital grants received	97,369	-	-	-	97,369
Proceeds from issuance of debt	3,190,338	-	-	-	3,190,338
Debt proceeds transferred to 911 Dispatch Services Fund	-	-	49,123	-	49,123
Payments of principal	(2,044,278)	-	(7,336)	-	(2,051,614)
Interest and fiscal charges paid on capital debt	(176,462)	-	(1,336)	-	(177,798)
Net cash from capital and related financing activities	(828,754)	(1,868,019)	40,451	-	(2,656,322)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,002,778	1,193,900	7,367	(57,531)	2,146,514
CASH AND CASH EQUIVALENTS, MAY 1	1,237,210	7,589,015	-	58,324	8,884,549
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 2,239,988	\$ 8,782,915	\$ 7,367	\$ 793	\$ 11,031,063
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,223,722	\$ (931,796)	\$ (61,359)	\$ (138,198)	\$ 92,369
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation	523,798	1,784,611	22,228	5,547	2,336,184
(Increase) decrease in					
Receivables	(98,225)	141,310	(37,794)	-	5,291
Prepaid items	(267,273)	6,498	(17,338)	6,852	(271,261)
Increase (decrease) in					
Accounts payable	48,017	52,420	10,664	644	111,745
Accrued payroll	902	(4,013)	19,121	533	16,543
Due to other governments	-	(12,401)	-	-	(12,401)
Compensated absences payable	25,133	37,397	32,411	2,403	97,344
NET CASH FROM OPERATING ACTIVITIES	\$ 1,456,074	\$ 1,074,026	\$ (32,067)	\$ (122,219)	\$ 2,375,814
NONCASH TRANSACTIONS					
Transfer of capital assets (net of depreciation)	\$ -	\$ -	\$ 100,996	\$ -	\$ 100,996

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

April 30, 2015

ASSETS	
Cash	\$ 204,856
Investments (at fair value)	
State and local obligations	85,605
U.S. government obligations	3,300,582
Mutual funds	10,458,015
Accrued interest receivable	33,056
Prepaid expenses	<u>6,991</u>
 Total assets	 14,089,105
 LIABILITIES	
Accounts payable	<u>7,200</u>
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
	<u><u>\$ 14,081,905</u></u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

April 30, 2015

ADDITIONS

Contributions	
Employer	\$ 684,444
Plan members	<u>190,771</u>
Total contributions	<u>875,215</u>
Investment income	
Net appreciation in fair value of investments	641,419
Interest and dividends	<u>354,019</u>
Total investment income	995,438
Less investment expense	<u>(22,022)</u>
Net investment income	<u>973,416</u>
Total additions	<u>1,848,631</u>

DEDUCTIONS

Pension benefits and refunds	484,233
Administrative expenses	<u>22,093</u>
Total deductions	<u>506,326</u>

NET INCREASE	1,342,305
TRANSFER (OUT) TO GENERAL FUND	(193,312)

**NET POSITION HELD IN TRUST
FOR PENSION BENEFITS**

May 1	<u>12,932,912</u>
April 30	<u>\$ 14,081,905</u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

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

b. Fund Accounting

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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

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

c. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The Village reports the following major governmental funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major proprietary funds:

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

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

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

The Village reports pension trust funds as fiduciary funds to account for the Police Pension Fund and the Fire Pension Fund. The Fire Pension Fund was dissolved during the current fiscal year and the remaining assets were transferred to the General Fund.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Those revenues susceptible to accrual are property taxes, franchise fees, licenses, interest revenue and charges for services. Sales and telecommunication taxes owed to the state at year end on behalf of the Village also are recognized as revenue. Fines and permits revenues 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of April 30, 2015 for debt and equity securities. Mutual funds, investment funds, and insurance separate accounts are valued at contract value as of April 30, 2015.

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 estimated fair market value at the date of donation.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

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

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

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

j. Compensated Absences

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

k. Fund Balance/Net Position

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Fund Balance/Net Position (Continued)

The Village has adopted a targeted fund balance for its General Fund. The General Fund has a targeted unassigned fund balance of at least 33% of the total General Fund annual expenditures. General Fund unassigned fund balance in excess of 50% may be transferred to the pension funds 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.

m. Long-Term Obligations

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. 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.

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

p. 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.

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

2. DEPOSITS AND INVESTMENTS (Continued)

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

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold.

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

Village Deposits with Financial Institutions

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

Village Investments

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

Village Investments (Continued)

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires broker/dealers to maintain excess Security Investor Protection Corp. (SIPC) insurance. Illinois Funds is not subject to custodial credit risk.

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

3. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2013 levy year attach as an enforceable lien on January 1, 2013, 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, 2014 and August 1, 2014, and are payable in two installments, on or about June 1, 2014 and September 1, 2014. The County collects such taxes and remits them periodically. The 2014 tax levy is intended to finance the 2016 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable/deferred revenue. The 2015 tax levy has not been recorded as a receivable at April 30, 2015, as the tax attached as a lien on property as of January 1, 2015; however, the tax will not be levied until December 2015 and, accordingly, is not measurable at April 30, 2015.

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, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,806,703	\$ 194,632	\$ -	\$ 2,001,335
Land right of way	10,471,482	-	-	10,471,482
Construction in progress	-	88,040	-	88,040
Total capital assets not being depreciated	12,278,185	282,672	-	12,560,857
Capital assets being depreciated				
Buildings and improvements	8,517,300	22,895	-	8,540,195
Vehicles and equipment	6,052,607	170,566	164,439	6,058,734
Infrastructure	17,467,945	1,370,470	-	18,838,415
Total capital assets being depreciated	32,037,852	1,563,931	164,439	33,437,344
Less accumulated depreciation for				
Buildings	3,395,071	218,048	-	3,613,119
Vehicles and equipment	4,619,280	302,865	162,178	4,759,967
Infrastructure	7,865,139	469,326	-	8,334,465
Total accumulated depreciation	15,879,490	990,239	162,178	16,707,551
Total capital assets being depreciated, net	16,158,362	573,692	2,261	16,729,793
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 28,436,547	\$ 856,364	\$ 2,261	\$ 29,290,650
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 708,468	\$ 1,046,595	\$ -	\$ 1,758,063
Construction in progress	565,378	1,841,810	353,868	2,053,320
Total capital assets not being depreciated	1,273,846	2,891,405	353,868	3,811,383
Capital assets being depreciated				
Buildings	45,727,319	-	-	45,727,319
Vehicles and equipment	7,388,178	1,230,679	-	8,618,857
Water transmission system	20,334,545	508,168	-	20,842,713
Sewer collection system	18,924,580	-	-	18,924,580
Total capital assets being depreciated	92,374,622	1,738,847	-	94,113,469
Less accumulated depreciation for				
Buildings	15,588,600	1,024,913	-	16,613,513
Vehicles and equipment	4,911,712	405,918	-	5,317,630
Water transmission system	8,435,902	417,684	-	8,853,586
Sewer collection system	9,019,688	487,669	-	9,507,357
Total accumulated depreciation	37,955,902	2,336,184	-	40,292,086
Total capital assets being depreciated, net	54,418,720	(597,337)	-	53,821,383
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 55,692,566	\$ 2,294,608	\$ 353,868	\$ 57,632,766

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	\$ 54,728
Public safety	308,985
Public works	582,734
Parks and recreation	<u>43,792</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 990,239</u>
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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, 2014 through December 1, 2015:

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

The Village is not aware of any additional premiums owed to ICRMT as of April 30, 2015 for the current or prior claim years.

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

6. LONG-TERM DEBT

a. General Obligation Bonds

The outstanding debt as of April 30, 2015 consists of the following individual amounts:

	Fund Debt Retired By	Balances April 30	Current Portion
\$249,000 General Obligation Debt Certificates 2006 due in annual installments of \$16,700 to \$33,100 from May 15, 2006 to May 15, 2016, interest at 4.4%.	General	\$ 33,400	\$ 16,700
\$212,000 General Obligation Debt Certificates 2007 due in annual installments of \$10,000 to \$19,000, from January 1, 2009 to January 1, 2023 with interest at 4.4%.	General	130,000	14,000
\$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	530,032	97,022
\$3,640,000 General Obligation Debt Certificates 2011 Series B due in annual installments of \$10,000 to \$19,000, from November 1, 2013 to November 1, 2023 with interest at 2.5% to 3.5%.	General/ Water and Sewer/911	2,819,960	500,000
\$550,000 General Obligation Debt Certificates 2014 Series A due in annual installments of \$270,000 to \$280,000, from May 1, 2015 to May 1, 2016 with interest at 0.75% to 1.05%.	Water and Sewer	550,000	280,000
\$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, 2016 with interest at 2% to 4%.	General/ Water and Sewer	3,180,000	-
\$2,608,507 Illinois EPA low interest loan due in semiannual installments of principal and interest in amounts to be determined at project completion, with interest at 1.995%.	Water and Sewer	1,439,765	-
TOTAL OUTSTANDING DEBT		<u>\$ 8,683,157</u>	<u>\$ 907,722</u>

The Village has \$628,742 of debt authorized but unissued as of April 30, 2015.

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

6. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>	
	<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 436,322	\$ 175,104
2017	370,595	135,456
2018	451,518	118,615
2019	482,284	104,915
2020	490,272	90,188
2021	388,330	75,489
2022	427,003	63,288
2023	304,960	49,572
2024	282,810	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	144,880	2,898
TOTAL	\$ 4,437,324	\$ 949,785

<u>Year Ending</u>	<u>Business-Type Activities</u>	
	<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 471,400	\$ 92,822
2017	417,378	68,143
2018	199,300	59,794
2019	214,228	54,740
2020	216,142	49,212
2021	223,670	43,837
2022	245,998	36,915
2023	174,040	29,064
2024	172,162	23,010
2025	74,000	17,020
2026	75,850	14,393
2027	75,850	11,359
2028	79,550	8,251
2029	81,400	5,032
2030	85,100	1,702
TOTAL	\$ 2,806,068	\$ 515,294

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

6. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity (Continued)

On June 19, 2014, the Village issued \$3.18 million in General Obligation Debt Certificates with an average interest rate of 3.3% to refund \$1.17 million of outstanding 2003A series bonds with an average interest rate of 4.375%. The net proceeds of \$3.18 million (after payment of \$62,708 in underwriting fees and other issuance costs), were used to pay the Series 2003A bonds in full. The remaining funds from this debt issue will be used for capital projects. Through the refunding, the Village increased its overall debt service by \$162,666 and had an economic loss of \$155,027.

On June 19, 2014, the Village issued \$550,000 in General Obligation Debt Certificates with an average interest rate of 0.95% to refund \$485,000 of outstanding 2007 series bonds with an interest rate of 4.2%. The net proceeds of \$537,920 (after payment of \$9,277 in underwriting fees and other issuance costs), were used to purchase United States Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payment on the 2007 series bonds. As a result, the 2007 series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. Through the refunding, the Village reduced its overall debt service by \$67,165 and had an economic gain of \$64,458. As of April 30, 2015, \$485,000 of the defeased bonds were outstanding to be paid from escrow.

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 2015:

	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation debt certificates	\$ 2,289,652	\$ 2,003,400	\$ 385,760	\$ 3,907,292	\$ 339,300
General obligation bonds	622,933	-	92,901	530,032	97,022
Compensated absences payable	335,174	47,538	-	382,712	-
Other postemployment benefits	74,671	69,995	-	144,666	-
Net pension obligation	484,544	-	86,441	398,103	-
Unamortized bond premium	74,671	39,567	12,425	101,813	10,749
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,881,645	\$ 2,160,500	\$ 577,527	\$ 5,464,618	\$ 447,071

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

6. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities (Continued)

	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
General obligation debt certificates	\$ 1,223,448	\$ 1,774,048	\$ 191,428	\$ 2,806,068	\$ 471,400
General obligation bonds	1,860,000	-	1,860,000	-	-
Illinois EPA loan	-	1,439,765	-	1,439,765	-
Compensated absences payable	102,362	97,344	-	199,706	-
Unamortized bond premium	42,800	25,648	6,540	61,908	6,540
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 3,228,610	\$ 3,336,805	\$ 2,057,968	\$ 4,507,447	\$ 477,940

7. INTERFUND ASSETS/LIABILITIES AND TRANSFERS

Individual fund transfers were as follows:

Fund	Transfers In	Transfers Out
General	\$ 228,619	\$ 867,363
Nonmajor Governmental	832,922	35,307
911 Dispatch Services	34,441	-
Fire Pension Fund	-	193,312
TOTAL	\$ 1,095,982	\$ 1,095,982

The purposes of significant transfers are as follows:

- \$832,922 and \$86,314 transferred from the General Fund and to the 911 Dispatch Services Fund and Motor Fuel Tax Fund to establish the beginning balances for these funds.
- \$193,312 transferred from the Fire Pension Fund to the General Fund to close out the Fire Pension Fund.
- \$35,307 transferred from the Fire Protection Fund to the General Fund to close out the Fire Protection Fund.

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

7. INTERFUND ASSETS/LIABILITIES AND TRANSFERS (Continued)

Interfund balances consisted of the following:

	Due From	Due To
General Fund		
Tax Increment Fund	\$ 2	\$ -
Commuter Fund	64,678	-
Northwest Regional Water Reclamation Fund	2,080	-
Water and Sewer Fund	-	36,915
911 Dispatch Services Fund	-	1,033
	<hr/>	<hr/>
Total General Fund	66,760	37,948
Tax Increment Fund		
General Fund	-	2
Water and Sewer Fund		
General Fund	36,915	-
911 Dispatch Services Fund		
General Fund	1,033	-
Northwest Regional Water Reclamation Fund		
General Fund	-	2,080
Commuter Fund		
General Fund	-	64,678
	<hr/>	<hr/>
TOTAL INTERFUND BALANCES	\$ 104,708	\$ 104,708

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

8. CONTINGENT LIABILITIES

a. Litigation

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

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.

The Fire Pension Fund was closed during the fiscal year ended April 30, 2015 due to no remaining participants in the plan. The remaining assets of the plan were transferred to the General Fund.

a. Plan Descriptions

Illinois Municipal Retirement Fund

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.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the calendar year ended December 31, 2014 was 11.68% of covered payroll.

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. At April 30, 2015 (the latest information available), the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	11
Current employees	
Vested	20
Nonvested	5
	<hr/>
TOTAL	<u>36</u>

Benefits Provided

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service.

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

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

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3% of the amount of the pension payable at the time of the increase.

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

Contributions

Employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary, including administrative costs. The Village's contribution rate for the year was 26.26%.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy

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

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

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

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

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.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

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 2015 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, 2015 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. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds and contract values for insurance contracts. 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.

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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.6%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

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

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2015:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Municipal bonds	\$ 85,605	\$ 85,605	\$ -	\$ -	\$ -
Treasury securities	1,480,110	-	984,217	226,510	269,383
Federal agencies	1,820,472	254,758	857,954	707,760	-
TOTAL	\$ 3,386,187	\$ 340,363	\$ 1,842,171	\$ 934,270	\$ 269,383

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.

Credit Risk

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

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Net Pension Liability

The components of the net pension liability of the Police Pension Plan as of April 30, 2015 calculated in accordance with GASB Statement No. 67 were as follows:

Total pension liability	\$	19,990,165
Plan fiduciary net position		14,081,905
Village's net pension liability		5,908,259
Plan fiduciary net position as a percentage of the total pension liability		70.44%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

Actuarial Assumptions

Employer contributions have been determined as follows:

Actuarial valuation date	May 1, 2015
Actuarial cost method	Entry-Age Normal
Asset valuation method	Market Value
Significant actuarial assumptions	
a) Inflation	2.50%
b) Salary increases	5.50%
c) Investment rate of return	7.00%
d) Retirement age	100% by 70

Mortality rates were based on the RP-2000 Combined Healthy Blue Collar Adjustments (CHBCA) Mortality Table, unadjusted for public safety. The actuarial assumptions used in the April 30, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village 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.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 8,631,376	\$ 5,908,259	\$ 3,648,027

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

b. Annual Pension Costs

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2012	April 30, 2013
Actuarial cost method	Entry-Age Normal	Entry-Age Normal
Asset valuation method	5 Year Smoothed Market	Market Value
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	29 Years, Open	18 Years, Closed
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	0.40% to 10.00%	2.50%

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

b. Annual Pension Costs

Employer annual pension costs (APC), actual contributions and the net pension obligation (asset) (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	For Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2013	\$ 369,118	\$ 511,898
	2014	402,597	510,848
	2015	399,132	564,726
Actual contribution	2013	\$ 369,118	\$ 459,173
	2014	401,862	475,218
	2015	399,132	684,444
Percentage of APC contributed	2013	100.00%	89.70%
	2014	99.82%	93.00%
	2015	100.00%	121.20%
NPO (asset)	2013	\$ 34,373	\$ 396,645
	2014	35,108	449,436
	2015	35,108	365,348

The NPO (asset) has been calculated as follows:

	Police Pension
Annual required contribution	\$ 560,084
Interest on net pension obligation (asset)	33,955
Adjustment to annual required contributions	(29,313)
Annual pension cost	564,726
Contributions made	684,444
Decrease in net pension obligation	(119,718)
Net pension obligation (asset), beginning of year	485,066
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 365,348

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

c. Funded Status

The funded status of the plans as of April 30, 2015, based on actuarial valuations performed as of the same date for the Police Pension Plan and as of December 31, 2014 for IMRF, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer annual pension costs of the plans as disclosed in Note 9b.

	Illinois Municipal Retirement	Police Pension
Actuarial accrued liability (AAL)	\$ 8,638,050	\$ 19,990,165
Actuarial value of plan position	7,736,693	14,081,906
Unfunded actuarial accrued liability (UAAL)	901,357	5,908,259
Funded Ratio (actuarial value of plan position/AAL)	89.57%	70.40%
Covered payroll (active plan members)	\$ 3,417,224	\$ 2,017,470
UAAL as a percentage of covered payroll	26.38%	292.90%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided

The Village provides postemployment health care benefits to its retirees and certain disabled employees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans or meet COBRA requirements. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the Village is required to pay 100% of the cost of basic health insurance for the employee and their dependents for their lifetime. As of April 30, 2015, the Village had one disabled retiree receiving benefits under this statute.

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

c. Membership

At April 30, 2015, membership consisted of:

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

d. Funding Policy

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

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2015	\$ 89,054	\$ 46,655	52.4%	\$ 144,666
April 30, 2014	51,429	23,833	46.3%	102,267
April 30, 2013	48,742	23,833	48.9%	74,671

The net OPEB obligation (NOPEBO) as of April 30, 2015 was calculated as follows:

Annual required contribution	\$ 90,877
Interest on net OPEB obligation	4,091
Adjustment to annual required contribution	<u>(5,914)</u>
Annual OPEB cost	89,054
Contributions made	<u>46,655</u>
Increase in net OPEB obligation	42,399
Net OPEB obligation, beginning of year	<u>102,267</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 144,666</u>

f. Funded Status and Funding Progress

The funded status of the Plan as of April 30, 2015 was as follows:

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Funded Status and Funding Progress (Continued)

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

g. Actuarial Methods and Assumptions

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

In the April 30, 2014 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 7.9% for PPO and 7.2% for HMO plans and an ultimate healthcare cost trend rate of 5% for both PPO and HMO plans. These rates include a 3% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

11. RESTATEMENTS

The Village restated the value of its capital assets in the governmental activities by adjusting the useful lives of its capital assets, resulting in a decrease in the value of capital assets of \$2,268,625 in governmental activities, \$53,509 in the Water and Sewer Fund, \$19,028 in the Northwest Region Water Reclamation Fund and \$3,835 in the Commuter Parking Lot Fund. The Village believed the previous useful lives were erroneous and inconsistently applied.

The Village also restated its beginning fund balance in the General Fund by \$14,708 after an evaluation of the balances in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ -	\$ 4,880,522	\$ 4,880,522
Licenses, permits and fees	-	543,528	543,528
Intergovernmental grants and reimbursements	-	4,073,577	4,073,577
Charges for services	-	1,305,800	1,305,800
Fines and forfeitures	-	288,845	288,845
Investment income	-	3,398	3,398
Miscellaneous	-	1,637,651	1,637,651
	<hr/>		
Total revenues	-	12,733,321	12,733,321
EXPENDITURES			
Current			
General government	1,541,701	1,273,004	(268,697)
Public safety	4,648,164	5,973,857	1,325,693
Public works	3,234,786	2,328,701	(906,085)
Parks and recreation	320,327	300,271	(20,056)
Community development	581,291	322,737	(258,554)
Capital outlay	222,900	1,728,382	1,505,482
Debt service			
Principal	391,376	431,214	39,838
Interest	98,094	158,269	60,175
Bond issue costs	-	39,563	39,563
	<hr/>		
Total expenditures	11,038,639	12,555,998	1,517,359
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(11,038,639)	177,323	11,215,962
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	21,398	21,398
Proceeds from issuance of debt	-	2,003,400	2,003,400
Premium on debt issuance	-	39,563	39,563
Transfers in	-	228,619	228,619
Transfers (out)	-	(867,363)	(867,363)
	<hr/>		
Total other financing sources (uses)	-	1,425,617	1,404,219
NET CHANGE IN FUND BALANCE			
	<u>\$ (11,038,639)</u>	1,602,940	<u>\$ 12,641,579</u>
FUND BALANCE, MAY 1			
		6,014,832	
Prior period adjustment		<u>(14,708)</u>	
FUND BALANCE, MAY 1, AS RESTATED			
		<u>6,000,124</u>	
FUND BALANCE, APRIL 30			
		<u>\$ 7,603,064</u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ 5,126,901	\$ 6,548,186	78.29%	\$ 1,421,285	\$ 3,326,918	42.72%
2010	5,318,260	6,769,999	78.56%	1,451,739	3,019,257	48.08%
2011	5,725,151	7,238,212	79.10%	1,513,061	3,106,675	48.70%
2012	6,336,186	7,672,025	82.59%	1,335,839	3,136,093	42.60%
2013	7,254,988	8,066,114	89.94%	811,126	3,326,674	24.38%
2014	7,736,693	8,638,050	89.57%	901,357	3,417,224	26.38%

Schedule of Employer Contribution

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 279,461	\$ 279,461	100.00%
2011	311,382	338,459	92.00%
2012	355,541	359,132	99.00%
2013	369,118	369,118	100.00%
2014	401,862	401,862	100.00%
2015	399,132	399,132	100.00%

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2015

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2010	\$ 8,636,167	\$ 13,319,142	64.84%	\$ 4,682,975	\$ 1,623,585	288.43%
2011	9,692,377	14,303,832	67.76%	4,611,455	1,713,876	269.07%
2012	10,241,606	15,188,474	67.43%	4,946,868	1,660,258	297.96%
2013	11,398,300	16,369,952	69.63%	4,971,652	1,843,570	269.68%
2014	12,738,388	17,364,970	73.36%	4,626,582	1,809,808	255.64%
2015	14,081,906	19,990,165	70.44%	5,908,259	2,017,470	292.85%

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ -	0.00%	\$ -	N/A	N/A
2010	-	-	0.00%	-	N/A	N/A
2011	-	865,131	0.00%	865,131	N/A	N/A
2012	-	865,131	0.00%	865,131	N/A	N/A
2013	-	865,131	0.00%	865,131	N/A	N/A
2014	-	1,283,575	0.00%	1,283,575	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	N/A	N/A	N/A
2011	\$ 23,811	\$ 49,094	48.50%
2012	23,829	48,334	49.30%
2013	23,835	48,742	48.90%
2014	23,833	50,308	47.37%
2015	46,655	90,877	51.34%

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2015

	<u>2015</u>
Actuarially determined contribution	\$ 560,084
Contributions in relation to the actuarially determined contribution	<u>684,444</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ (124,360)</u>
Covered-employee payroll	\$ 2,017,470
Contributions as a percentage of covered-employee payroll	34.04%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67.

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2010	\$ 437,827	\$ 473,326	92.50%
2011	459,774	592,492	77.60%
2012	450,348	507,149	88.80%
2013	459,107	506,114	90.71%
2014	475,218	505,363	94.03%
2015	684,444	560,084	122.20%

Notes to Required Supplementary Information

This information directly above is presented in accordance with GASB Statement No. 25. The information presented was determined as part of the actuarial valuations as of April 30 of the prior 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 18 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return at 7.00% annually, projected salary increases assumption of 5.50% compounded annually and postretirement benefit increases of 3.00% compounded annually for Tier 1 employees and 2.00% per year for Tier 2 employees.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2015

	<u>2015</u>
TOTAL PENSION LIABILITY	
Service cost	\$ 444,803
Interest	1,198,600
Differences between expected and actual experience	160,144
Changes in assumptions	1,305,881
Benefit payments, including refunds of member contributions	<u>(484,233)</u>
Net change in total pension liability	2,625,195
Total pension liability - beginning	<u>17,364,970</u>
TOTAL PENSION LIABILITY - ENDING	<u><u>\$ 19,990,165</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 684,444
Contributions - member	190,771
Net investment income	973,307
Benefit payments, including refunds of member contributions	(484,233)
Administrative expense	<u>(20,772)</u>
Net change in plan fiduciary net position	1,343,517
Plan fiduciary net position - beginning	<u>12,738,388</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u><u>\$ 14,081,905</u></u>
EMPLOYER'S NET PENSION LIABILITY	<u><u>\$ 5,908,260</u></u>
Plan fiduciary net position as a percentage of the total pension liability	70.44%
Covered-employee payroll	\$ 2,017,470
Employer's net pension liability as a percentage of covered-employee payroll	292.76%

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).

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND

April 30, 2015

	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	7.60%

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2015

1. BUDGETS

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

No budget was adopted for the Fire Protection Fund.

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 had expenditures that exceeded budget:

<u>Fund</u>	<u>Department</u>	<u>Budget</u>	<u>Expenditures</u>
General	Fire Department	\$ -	\$ 1,537,587
General	Capital Outlay	222,900	1,728,382
General	Debt Service	489,470	629,046
TIF	Community Development	6,000	11,514
Commuter Parking	Commuter Parking	244,896	263,526

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

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED REVENUES -
BUDGET AND ACTUAL
GENERAL FUND

April 30, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
REVENUES			
Taxes			
General	\$ -	\$ 1,764,816	\$ 1,764,816
IMRF	-	126,214	126,214
Insurance	-	350,267	350,267
Fire protection	-	1,204,547	1,204,547
Utility tax - electricity	-	433,330	433,330
Utility tax - natural gas	-	140,334	140,334
Utility tax - telephone	-	223,311	223,311
Use tax	-	218,194	218,194
Hotel/motel taxes	-	5,089	5,089
Road and bridge taxes	-	127,254	127,254
Rental car taxes	-	25	25
Video gaming proceeds	-	287,141	287,141
Total taxes	-	4,880,522	4,880,522
Intergovernmental revenues			
Income taxes	-	1,036,050	1,036,050
Personal property replacement tax	-	68,452	68,452
Personal property replacement tax - Antioch	-	75	75
Personal property replacement tax - Grant	-	1,673	1,673
Sales taxes	-	2,955,585	2,955,585
Total intergovernmental revenues	-	4,061,835	4,061,835
Franchise fees	-	137,225	137,225
Building and zoning fees			
Building permits	-	103,746	103,746
Zoning/public hearing fees	-	4,598	4,598
Zoning permits	-	2,500	2,500
Impact fees	-	4,000	4,000
Total building and zoning fees	-	114,844	114,844

(This schedule is continued on the following pages.)

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
REVENUES (Continued)			
Licenses and fees			
Vehicle stickers	\$ -	\$ 121,074	\$ 121,074
Licenses - animals	-	1,135	1,135
Licenses - liquor	-	38,500	38,500
Licenses - business	-	24,478	24,478
	<hr/>		
Total licenses and fees	-	185,187	185,187
<hr/>			
Park and recreation fees			
Program fees	-	103,915	103,915
Donations - parks	-	2,035	2,035
Pace fees	-	322	322
	<hr/>		
Park and recreation fees	-	106,272	106,272
<hr/>			
Public safety fines and fees			
Court fines	-	175,314	175,314
Court fines - DUI	-	8,734	8,734
Ordinance and parking fines	-	50,755	50,755
	<hr/>		
Public safety fines and fees	-	234,803	234,803
<hr/>			
Public safety special revenue			
Forfeitures - drug seizure	-	1,296	1,296
Police revenue - SRO	-	48,897	48,897
Police revenue - gaming tax	-	1,989	1,989
Police revenue - reports	-	1,860	1,860
	<hr/>		
Total public safety special revenue	-	54,042	54,042
<hr/>			
Reimbursable income			
Engineering reimbursable fees	-	10,279	10,279
Attorney reimbursable fees	-	6,695	6,695
Motor pool reimbursable expense	-	126,934	126,934
Fire department reimbursable expense	-	78,887	78,887
Insurance reimbursable	-	34,130	34,130
Public safety reimbursable expense	-	3,526	3,526
Employee/elected official reimbursable expense	-	561	561
	<hr/>		
Total reimbursable income	-	261,012	261,012
<hr/>			

(This schedule is continued on the following page.)

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
REVENUES (Continued)			
Grant revenue			
Grant revenue	\$ -	\$ 8,662	\$ 8,662
Grant revenue - tobacco	-	3,080	3,080
Total grant revenue	-	11,742	11,742
Garbage revenues			
Landscape stickers	-	713	713
Garbage fees	-	904,174	904,174
Garbage penalties	-	16,187	16,187
Recycling rebate	-	8,060	8,060
Total garbage revenues	-	929,134	929,134
Contractual revenue			
Rental income	-	99,173	99,173
Rental income - gun range	-	1,600	1,600
Rental income 911 center	-	11,400	11,400
Externality fee	-	256,693	256,693
Alarm royalty fees	-	7,800	7,800
Total contractual revenue	-	376,666	376,666
Other revenue			
Interest income	-	3,398	3,398
Mayor's run	-	606	606
Donations	-	700	700
Maps	-	1	1
Interfund service charges	-	1,355,009	1,355,009
Other revenue	-	20,323	20,323
Total other revenue	-	1,380,037	1,380,037
TOTAL REVENUES	\$ -	\$ 12,733,321	\$ 12,733,321

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
GENERAL GOVERNMENT			
Expenditures			
Current			
General government			
Administration			
Wages	\$ 480,270	\$ 475,474	\$ (4,796)
Wages - elected officials	57,600	50,600	(7,000)
Wages - part-time	31,744	3,847	(27,897)
Overtime	600	1,797	1,197
Health insurance	76,113	67,751	(8,362)
Life insurance	458	466	8
Unemployment insurance	4,545	896	(3,649)
Social Security and Medicare	35,452	38,169	2,717
IMRF	49,998	50,780	782
Building maintenance	33,690	20,073	(13,617)
Professional services	34,610	33,354	(1,256)
Accounting services	44,010	25,353	(18,657)
Payroll service fees	-	4,846	4,846
Engineering services	-	1,388	1,388
Legal services	78,000	67,611	(10,389)
Technology	39,852	27,557	(12,295)
Pace program	38,760	-	(38,760)
Postage	14,640	14,571	(69)
Photocopy	-	6,085	6,085
Printing	28,440	19,474	(8,966)
Recording fees	1,800	3,784	1,984
Publishing	8,400	6,885	(1,515)
Memberships	7,224	12,394	5,170
Telephone	11,280	-	(11,280)
Travel	4,620	3,314	(1,306)
Training	9,060	3,367	(5,693)
Tuition reimbursement	1,200	1,491	291
Utilities	1,680	10,072	8,392
Credit card and bank charges	-	636	636
Property taxes	-	5,321	5,321
Taxi program	-	1,970	1,970
Building incentives	-	11,905	11,905
Building maintenance supplies	1,800	1,209	(591)
Office supplies	6,780	2,463	(4,317)

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)			
Expenditures (Continued)			
Current (Continued)			
General government (Continued)			
Administration (Continued)			
Operating supplies	\$ 7,200	\$ 5,970	\$ (1,230)
Fuel	540	649	109
Software	4,320	8,162	3,842
Special events	-	10,623	10,623
Community relations	13,470	-	(13,470)
Taxes	240	-	(240)
Business rebates	95,400	-	(95,400)
Employee recognition	1,908	930	(978)
Miscellaneous expense	-	344	344
	<hr/>	<hr/>	<hr/>
Total administration	1,225,704	1,001,581	(224,123)
	<hr/>	<hr/>	<hr/>
Insurance			
Liability and workers' compensation insurance			
	315,997	201,613	(114,384)
Insurance deductible expense	-	69,810	69,810
	<hr/>	<hr/>	<hr/>
Total insurance	315,997	271,423	(44,574)
	<hr/>	<hr/>	<hr/>
Total general government	1,541,701	1,273,004	(268,697)
	<hr/>	<hr/>	<hr/>
PUBLIC SAFETY			
Expenditures			
Current			
Police department			
Wages - administration	2,496,597	2,190,398	(306,199)
Wages - part-time	60,128	36,848	(23,280)
Overtime	96,000	105,364	9,364
Health insurance	488,468	403,015	(85,453)
Life insurance	2,291	1,838	(453)
Unemployment insurance	14,876	864	(14,012)
Social Security and Medicare	60,977	41,267	(19,710)
IMRF	27,112	18,223	(8,889)
Police pension - taxes	580,963	484,444	(96,519)
Police pension - Village portion	-	200,000	200,000

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)			
Expenditures (Continued)			
Current (Continued)			
Police department (Continued)			
Building maintenance	\$ 44,130	\$ 19,183	\$ (24,947)
Equipment maintenance	70,620	18,220	(52,400)
Vehicle maintenance	5,760	4,595	(1,165)
Building maintenance supplies	37,920	-	(37,920)
Professional services	96,120	46,170	(49,950)
Legal services	120,300	136,131	15,831
Dispatching	-	530,366	530,366
Prisoner meals	1,200	254	(946)
Animal care and control	6,000	1,295	(4,705)
Technology	72,929	29,454	(43,475)
Postage	3,000	1,164	(1,836)
Printing	6,720	1,462	(5,258)
Publishing	600	-	(600)
Memberships	2,880	1,641	(1,239)
Telephone	16,800	-	(16,800)
Travel	2,520	67	(2,453)
Training	25,200	11,292	(13,908)
Utilities	8,040	17,111	9,071
Office supplies	18,840	3,052	(15,788)
Operating supplies	45,660	22,132	(23,528)
Community relations	3,600	3,184	(416)
Uniforms	14,400	13,173	(1,227)
Fuel	148,500	67,426	(81,074)
Employee recognition	2,280	1,393	(887)
Charitable games expense	11,413	-	(11,413)
DUI expense	26,400	8,401	(17,999)
Drug seizure expense	10,200	7,751	(2,449)
	<hr/>	<hr/>	<hr/>
Total police department	4,629,444	4,427,178	(202,266)
Police and Fire Commission			
Wages	4,800	4,050	(750)
Social Security and Medicare	240	264	24
Professional services	9,600	3,700	(5,900)

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)			
Expenditures (Continued)			
Current (Continued)			
Police and Fire Commission (Continued)			
Postage	\$ 180	\$ 39	\$ (141)
Publishing	600	-	(600)
Memberships	600	125	(475)
Travel	1,200	-	(1,200)
Training	900	808	(92)
Office supplies	600	106	(494)
	<hr/>		
Total Police and Fire Commission	18,720	9,092	(9,628)
	<hr/>		
Fire department			
Building maintenance	-	794	794
Fire department billable expenses	-	84,495	84,495
Real estate tax distribution	-	1,236,841	1,236,841
Fire department contribution	-	215,457	215,457
	<hr/>		
Total fire department	-	1,537,587	1,537,587
	<hr/>		
Total public safety	4,648,164	5,973,857	1,325,693
	<hr/>		
PUBLIC WORKS			
Expenditures			
Current			
Streets			
Wages	587,778	484,763	(103,015)
Wages - part-time	33,600	7,533	(26,067)
Overtime	48,000	11,971	(36,029)
Health insurance	145,997	117,049	(28,948)
Life insurance	804	659	(145)
Unemployment insurance	6,717	203	(6,514)
Social Security and Medicare	51,207	35,966	(15,241)
IMRF	74,259	52,398	(21,861)
Building maintenance	43,800	4,053	(39,747)
Equipment maintenance	2,400	1,909	(491)
Street maintenance	34,800	12,948	(21,852)
Parks maintenance	2,760	1,215	(1,545)

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)			
Expenditures (Continued)			
Current (Continued)			
Streets (Continued)			
Professional services	\$ 32,520	\$ 12,599	\$ (19,921)
Engineering services	48,600	22,712	(25,888)
Legal services	3,000	3,673	673
Technology	2,490	1,291	(1,199)
Postage	120	-	(120)
Memberships	240	25	(215)
Telephone	5,400	-	(5,400)
Travel	-	245	245
Training	360	404	44
Utilities	4,200	10,642	6,442
Electricity charges	138,000	100,406	(37,594)
Rentals	900	-	(900)
Building maintenance supplies	14,400	6,117	(8,283)
Equipment maintenance supplies	7,200	1,778	(5,422)
Grounds maintenance supplies	2,400	-	(2,400)
Office supplies	1,800	357	(1,443)
Operating supplies	90,000	35,351	(54,649)
Small tools	9,000	3,218	(5,782)
Uniforms	5,400	4,223	(1,177)
Janitorial supplies	4,200	-	(4,200)
Chemicals	3,840	1,064	(2,776)
Fuel	76,305	37,408	(38,897)
Employee recognition	1,260	290	(970)
	<hr/>	<hr/>	<hr/>
Total streets	1,483,757	972,470	(511,287)
	<hr/>	<hr/>	<hr/>
Motor pool			
Wages	279,899	225,825	(54,074)
Wages - part-time	-	5,411	5,411
Overtime	7,200	1,031	(6,169)
Health insurance	72,529	40,928	(31,601)
Life insurance	322	268	(54)
Unemployment insurance	2,312	173	(2,139)
Social Security and Medicare	21,963	17,155	(4,808)
IMRF	33,533	25,138	(8,395)
Building maintenance	4,008	3,302	(706)

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)			
Expenditures (Continued)			
Current (Continued)			
Motor pool (Continued)			
Professional services	\$ 2,400	\$ 718	\$ (1,682)
Motor pool reimbursable expense	-	7,475	7,475
Technology	2,580	1,835	(745)
Memberships	262	-	(262)
Training	1,560	1,010	(550)
Travel	30	-	(30)
Utilities	-	991	991
Building maintenance supplies	3,060	2,879	(181)
Office supplies	840	665	(175)
Operating supplies	255,189	134,798	(120,391)
Janitorial supplies	2,308	-	(2,308)
Small tools	11,820	6,810	(5,010)
Telephone	1,069	-	(1,069)
Uniforms	2,606	2,267	(339)
Fuel	4,815	1,913	(2,902)
Employee recognition	444	87	(357)
	<hr/>	<hr/>	<hr/>
Total motor pool	710,749	480,679	(230,070)
	<hr/>	<hr/>	<hr/>
Garbage			
Postage	1,800	1,447	(353)
Garbage disposal	1,038,480	874,105	(164,375)
	<hr/>	<hr/>	<hr/>
Total garbage	1,040,280	875,552	(164,728)
	<hr/>	<hr/>	<hr/>
Total public works	3,234,786	2,328,701	(906,085)
	<hr/>	<hr/>	<hr/>
PARKS AND RECREATION			
Expenditures			
Current			
Parks and recreation			
Wages	48,245	41,485	(6,760)
Wages - part-time	14,283	15,435	1,152
Overtime	3,600	4,311	711
Health insurance	1,800	1,573	(227)
Life insurance	80	68	(12)

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
PARKS AND RECREATION (Continued)			
Expenditures (Continued)			
Current (Continued)			
Parks and recreation (Continued)			
Unemployment insurance	\$ 1,020	\$ 273	\$ (747)
Social Security and Medicare	5,059	4,591	(468)
IMRF	6,056	5,061	(995)
Building maintenance	31,500	17,740	(13,760)
Professional services	2,520	2,302	(218)
Legal services	1,200	1,482	282
Technology	1,428	321	(1,107)
Postage	3,780	2,066	(1,714)
Printing	11,940	5,072	(6,868)
Advertising	5,662	4,658	(1,004)
Memberships	1,542	772	(770)
Telephone	2,520	-	(2,520)
Travel	1,200	968	(232)
Training	1,752	400	(1,352)
Utilities	2,400	9,404	7,004
Pace program - rental fee	38,760	1,523	(37,237)
Building maintenance supplies	12,000	5,576	(6,424)
Office supplies	2,880	1,846	(1,034)
Operating supplies	118,440	103,776	(14,664)
Fuel	300	285	(15)
Employee recognition	360	96	(264)
Refunds	-	195	195
Grants	-	68,992	68,992
	<hr/>	<hr/>	<hr/>
Total parks and recreation	320,327	300,271	(20,056)
COMMUNITY DEVELOPMENT			
Expenditures			
Current			
Community development			
Wages	194,230	121,572	(72,658)
Wages - part-time	37,536	15,576	(21,960)
Overtime	300	-	(300)
Health insurance	29,182	32,732	3,550
Life insurance	241	168	(73)
Unemployment insurance	2,965	449	(2,516)

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
COMMUNITY DEVELOPMENT (Continued)			
Expenditures (Continued)			
Current (Continued)			
Community development (Continued)			
Social Security and Medicare	\$ 17,753	\$ 9,552	\$ (8,201)
IMRF	24,654	13,358	(11,296)
Equipment maintenance	11,275	3,739	(7,536)
Vehicle maintenance	144	-	(144)
Professional services	52,406	60,965	8,559
Engineering services	34,800	6,323	(28,477)
Billable engineering fees	600	11,337	10,737
Billable building and zoning expense	-	156	156
Legal services	75,000	6,897	(68,103)
Billable attorney fees	-	9,308	9,308
Technology	12,216	3,416	(8,800)
Postage	2,400	702	(1,698)
Printing	6,000	935	(5,065)
Publishing	3,600	1,737	(1,863)
Memberships	834	1,540	706
Telephone	3,888	-	(3,888)
Travel	1,920	143	(1,777)
Training	6,047	1,180	(4,867)
Utilities	-	808	808
Office supplies	4,440	1,348	(3,092)
Operating supplies	3,900	1,159	(2,741)
Community programs	42,000	15,565	(26,435)
Uniforms	1,200	385	(815)
Books	5,616	-	(5,616)
Fuel	5,400	1,600	(3,800)
Employee recognition	744	87	(657)
	<hr/>	<hr/>	<hr/>
Total community development	581,291	322,737	(258,554)
CAPITAL OUTLAY			
Expenditures			
Current			
Capital outlay - administration	-	194,632	194,632
Capital outlay - motor pool	7,500	40,673	33,173

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
CAPITAL OUTLAY (Continued)			
Expenditures (Continued)			
Current (Continued)			
Capital outlay - police	\$ 215,400	\$ 150,339	\$ (65,061)
Capital outlay - streets	-	1,342,738	1,342,738
	<hr/>		
Total capital outlay	222,900	1,728,382	1,505,482
	<hr/>		
DEBT SERVICE			
Expenditures			
Current			
Principal	391,376	431,214	39,838
Interest	98,094	158,269	60,175
Bond issue costs	-	39,563	39,563
	<hr/>		
Total debt service	489,470	629,046	139,576
	<hr/>		
TOTAL EXPENDITURES	\$ 11,038,639	\$ 12,555,998	\$ 1,517,359

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2015

	Special Revenue			Total
	Tax Increment Financing	Fire Protection	Motor Fuel Tax	
ASSETS				
Cash and investments	\$ 276,416	\$ -	\$ 845,103	\$ 1,121,519
Receivables, net				
Property taxes	37,320	-	-	37,320
Intergovernmental	-	-	24,605	24,605
Inventories	-	-	15,889	15,889
TOTAL ASSETS	\$ 313,736	\$ -	\$ 885,597	\$ 1,199,333
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 5,228	\$ -	\$ 14,535	\$ 19,763
Due to other funds	2	-	-	2
Total liabilities	5,230	-	14,535	19,765
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	37,320	-	-	37,320
Total deferred inflows of resources	37,320	-	-	37,320
Total liabilities and deferred inflows of resources	42,550	-	14,535	57,085
FUND BALANCES				
Nonspendable for inventory	-	-	15,889	15,889
Restricted for economic development	271,186	-	-	271,186
Restricted for maintenance of roadways	-	-	855,173	855,173
Total fund balances	271,186	-	871,062	1,142,248
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 313,736	\$ -	\$ 885,597	\$ 1,199,333

(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, 2015

	Special Revenue			Total
	Tax Increment Financing	Fire Protection	Motor Fuel Tax	
REVENUES				
Taxes	\$ 36,326	\$ -	\$ -	\$ 36,326
Intergovernmental	-	-	447,590	447,590
Investment income	163	-	81	244
Total revenues	36,489	-	447,671	484,160
EXPENDITURES				
Current				
Public works	-	-	298,826	298,826
Community development	11,514	-	-	11,514
Capital outlay	-	-	110,705	110,705
Total expenditures	11,514	-	409,531	421,045
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	24,975	-	38,140	63,115
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	832,922	832,922
Transfers (out)	-	(35,307)	-	(35,307)
Total other financing sources (uses)	-	(35,307)	832,922	797,615
NET CHANGE IN FUND BALANCES	24,975	(35,307)	871,062	860,730
FUND BALANCES, MAY 1	246,211	35,307	-	281,518
FUND BALANCES, APRIL 30	\$ 271,186	\$ -	\$ 871,062	\$ 1,142,248

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ -	\$ 36,326	\$ (36,326)
Investment income	-	163	(163)
Total revenues	-	36,489	(36,489)
EXPENDITURES			
Current			
Community development	6,000	11,514	5,514
Total expenditures	6,000	11,514	5,514
NET CHANGE IN FUND BALANCE	<u>\$ (6,000)</u>	24,975	<u>\$ (30,975)</u>
FUND BALANCE, MAY 1		<u>246,211</u>	
FUND BALANCE, APRIL 30		<u>\$ 271,186</u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
REVENUES			
Intergovernmental			
Allotments earned	\$ -	\$ 447,590	\$ 447,590
Investment income	-	81	81
	<hr/>		
Total revenues	-	447,671	447,671
	<hr/>		
EXPENDITURES			
Current			
Public works			
Public works	417,552	298,826	(118,726)
Capital outlay	155,520	110,705	(44,815)
	<hr/>		
Total expenditures	573,072	409,531	(163,541)
	<hr/>		
OTHER FINANCING SOURCES (USES)			
Transfers in from General Fund	-	832,922	832,922
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (573,072)</u>	871,062	<u>\$ 1,444,134</u>
FUND BALANCE, MAY 1		<hr/>	
FUND BALANCE, APRIL 30		<u>\$ 871,062</u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
OPERATING REVENUES			
Water sales	\$ -	\$ 3,825,072	\$ 3,825,072
Tap-on fees	-	74,781	74,781
Miscellaneous	-	125,550	125,550
	<hr/>	<hr/>	<hr/>
Total operating revenues	-	4,025,403	4,025,403
OPERATING EXPENSES			
Personnel services	1,065,765	775,336	(290,429)
Contractual services/commodities	1,945,498	1,502,547	(442,951)
Water infrastructure	5,565,000	1,895,721	(3,669,279)
	<hr/>	<hr/>	<hr/>
Total operating expenses	8,576,263	4,173,604	(4,402,659)
OPERATING INCOME (LOSS)	<hr/>	<hr/>	<hr/>
	(8,576,263)	(148,201)	8,428,062
NON-OPERATING REVENUES (EXPENSES)			
Investment income	-	3,302	3,302
Interest expense	(3,300)	(176,462)	(173,162)
Principal expense	(713,978)	(2,044,278)	(1,330,300)
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	(717,278)	(2,217,438)	(1,500,160)
INCOME (LOSS) BEFORE TRANSFERS	<hr/>	<hr/>	<hr/>
	(9,293,541)	(2,365,639)	6,927,902
Capital contributions	-	97,369	97,369
Transfers in	2,621,280	-	(2,621,280)
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION (BUDGETARY BASIS)	\$ (6,672,261)	\$ (2,268,270)	\$ 4,403,991
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(523,798)	
Purchases of infrastructure		1,895,721	
Principal expense		2,044,278	
		<hr/>	
Total adjustments to GAAP basis		3,416,201	
CHANGE IN NET POSITION GAAP BASIS		<hr/>	
		1,147,931	
NET POSITION, MAY 1		12,738,259	
Prior period adjustment		<hr/>	
		(53,509)	
NET POSITION, MAY 1, AS RESTATED		<hr/>	
		12,684,750	
NET POSITION, APRIL 30		<hr/>	
		\$ 13,832,681	

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
OPERATING REVENUES			
Sewer charges	\$ -	\$ 4,673,394	\$ 4,673,394
Tap-on fees	-	525,780	525,780
Fines	-	188	188
Miscellaneous	-	25,305	25,305
Total operating revenues	-	5,224,667	5,224,667
OPERATING EXPENSES			
Personnel services	2,009,302	1,558,254	(451,048)
Contractual services/commodities	3,379,065	2,813,598	(565,467)
Sewer infrastructure	2,803,440	1,868,019	(935,421)
Total operating expenses	8,191,807	6,239,871	(1,951,936)
OPERATING INCOME (LOSS)	(8,191,807)	(1,015,204)	7,176,603
NON-OPERATING REVENUES (EXPENSES)			
Investment income	-	(12,554)	(12,554)
Total non-operating revenues (expenses)	-	(12,554)	(12,554)
INCOME (LOSS) BEFORE TRANSFERS	(8,191,807)	(1,027,758)	7,164,049
TRANSFERS			
Transfers in	9,084,000	-	(9,084,000)
Total transfers	9,084,000	-	(9,084,000)
CHANGE IN NET POSITION (BUDGETARY BASIS)	\$ (8,191,807)	(1,027,758)	\$ 7,164,049
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(1,784,611)	
Purchases of infrastructure		1,868,019	
Total adjustments to GAAP basis		83,408	
CHANGE IN NET POSITION GAAP BASIS		(944,350)	
NET POSITION, MAY 1		52,889,216	
Prior period adjustment		(19,028)	
NET POSITION, MAY 1, AS RESTATED		52,870,188	
NET POSITION, APRIL 30		\$ 51,925,838	

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
OPERATING REVENUES			
911 fees	\$ -	\$ 121,087	\$ 121,087
Fees for services	-	825,924	825,924
Miscellaneous	-	709	709
	<hr/>	<hr/>	<hr/>
Total operating revenues	-	947,720	947,720
OPERATING EXPENSES			
Personnel services	1,014,448	835,242	(179,206)
Contractual services/commodities	202,470	151,609	(50,861)
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,216,918	986,851	(230,067)
OPERATING INCOME (LOSS)	<hr/>	<hr/>	<hr/>
	(1,216,918)	(39,131)	1,177,787
NON-OPERATING REVENUES (EXPENSES)			
Investment income	-	16	16
Interest expense	(1,986)	(1,336)	650
Principal expense	(8,560)	(7,336)	1,224
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	(10,546)	(8,656)	1,890
INCOME (LOSS) BEFORE TRANSFERS	<hr/>	<hr/>	<hr/>
	(1,227,464)	(47,787)	1,179,677
TRANSFERS			
Transfers in	-	86,314	86,314
	<hr/>	<hr/>	<hr/>
Total transfers	-	86,314	86,314
CHANGE IN NET POSITION (BUDGETARY BASIS)	<hr/>	<hr/>	<hr/>
	\$ (1,227,464)	38,527	\$ 1,265,991
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(22,228)	
Principal expense		7,336	
		<hr/>	
Total adjustments to GAAP basis		(14,892)	
CHANGE IN NET POSITION GAAP BASIS		23,635	
NET POSITION, MAY 1		<hr/>	
		-	
NET POSITION, APRIL 30		<hr/>	
		\$ 23,635	

(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, 2015

	<u>Original and Final Appropriations</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
OPERATING REVENUES			
Parking fees	\$ -	\$ 130,875	\$ 130,875
Total operating revenues	<u>-</u>	<u>130,875</u>	<u>130,875</u>
OPERATING EXPENSES			
Personnel services	7,933	35,945	28,012
Contractual services/commodities	236,963	227,581	(9,382)
Total operating expenses	<u>244,896</u>	<u>263,526</u>	<u>18,630</u>
OPERATING INCOME (LOSS)	<u>(244,896)</u>	<u>(132,651)</u>	<u>112,245</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	-	10	10
Total non-operating revenues (expenses)	<u>-</u>	<u>10</u>	<u>10</u>
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ (244,896)</u>	<u>(132,641)</u>	<u>\$ 112,255</u>
ADJUSTMENTS TO GAAP BASIS			
Depreciation		<u>(5,547)</u>	
CHANGE IN NET POSITION GAAP BASIS		<u>(138,188)</u>	
NET POSITION, MAY 1		382,823	
Prior period adjustment		<u>(3,835)</u>	
NET POSITION, MAY 1, AS RESTATED		<u>378,988</u>	
NET POSITION, APRIL 30		<u>\$ 240,800</u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

April 30, 2015

	Police Pension	Fire Pension	Total
ASSETS			
Cash	\$ 204,856	\$ -	\$ 204,856
Investments (at fair value)			
State and local obligations	85,605	-	85,605
U.S. Government obligations	3,300,582	-	3,300,582
Mutual funds	10,458,015	-	10,458,015
Accrued interest receivable	33,056	-	33,056
Prepaid expenses	6,991	-	6,991
Total assets	14,089,105	-	14,089,105
LIABILITIES			
Accounts payable	7,200	-	7,200
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 14,081,905	\$ -	\$ 14,081,905

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

April 30, 2015

	Police Pension	Fire Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 684,444	\$ -	\$ 684,444
Plan members	190,771	-	190,771
Total contributions	875,215	-	875,215
Investment income			
Net appreciation in fair value of investments	641,419	-	641,419
Interest and dividends	353,991	28	354,019
Total investment income	995,410	28	995,438
Less investment expense	(22,022)	-	(22,022)
Net investment income	973,388	28	973,416
Total additions	1,848,603	28	1,848,631
DEDUCTIONS			
Pension benefits and refunds	484,233	-	484,233
Administrative expenses	20,853	1,240	22,093
Total deductions	505,086	1,240	506,326
NET INCREASE (DECREASE)	1,343,517	(1,212)	1,342,305
TRANSFER (OUT) TO GENERAL FUND	-	(193,312)	(193,312)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
May 1	12,738,388	194,524	12,932,912
April 30	\$ 14,081,905	\$ -	\$ 14,081,905

(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, 2015

	Original and Final Appropriations	Actual	Variance Over (Under)
ADDITIONS			
Contributions			
Employer contributions	\$ -	\$ 684,444	\$ 684,444
Plan members contributions	-	190,771	190,771
Total contributions	-	875,215	875,215
Investment income			
Net appreciation in fair value of investments	-	641,419	641,419
Investment income	-	353,991	353,991
Total investment income	-	995,410	995,410
Less investment expense	-	(22,022)	(22,022)
Total investment income	-	973,388	973,388
Total additions	-	1,848,603	1,848,603
DEDUCTIONS			
Pension benefits and refunds	568,747	484,233	(84,514)
Administration			
Fees	-	18,557	18,557
Miscellaneous	-	2,296	2,296
Total deductions	568,747	505,086	(63,661)
NET INCREASE (DECREASE)	\$ (568,747)	1,343,517	\$ 1,912,264
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
May 1		12,738,388	
April 30		\$ 14,081,905	

(See independent auditor's report.)