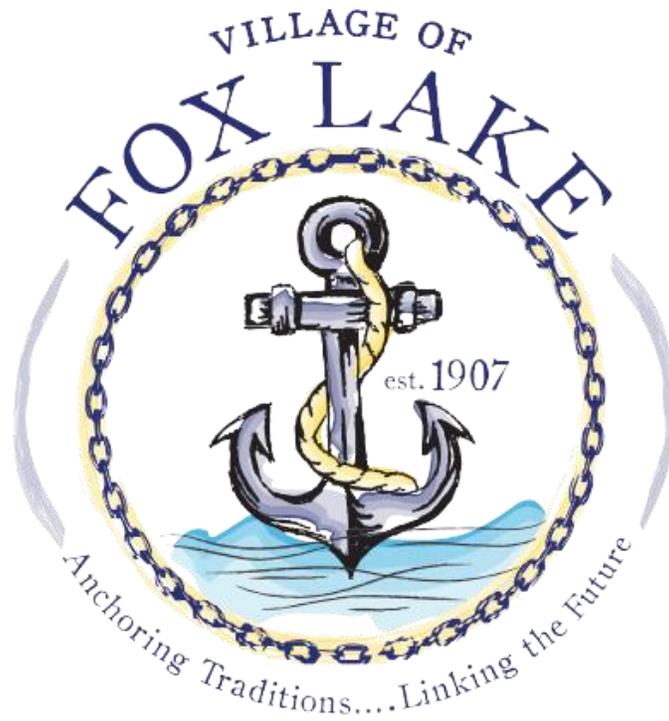


Village of Fox Lake, Illinois

Annual Financial Report

Year End April 30, 2016



Prepared By:
The Finance Department

VILLAGE OF FOX LAKE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2016

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Fox Lake, Illinois (the Village) as of and for the year ended April 30, 2016, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Fox Lake, Illinois, as of April 30, 2016, 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

The Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information. The adoption of Statements Nos. 68 and 71 resulted in a restatement which is discussed in Note 11. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Sikich LLP

Naperville, Illinois
October 18, 2016

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

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, 2016. As the Village presents its financial statements in conformity with the Governmental Accounting Standards Board Statement No. 34 reporting requirements, prior year comparative information has been included in the Village's MD&A.

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

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Government-Wide Financial Statements

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

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

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

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The Village of Fox Lake' governmental activities include general government, public safety, and public works, parks and recreation and economic development. The business-type activities include the Water and Sewer, Water Reclamation, 911 Dispatch Services, the Commuter Parking. The Police Pension Plan fiduciary activity is not available to fund Village programs, and, therefore, is not included in the government-wide statements but is presented in this document at the end of the fund financial statements.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

The Police Pension is the Village's only fiduciary fund. The Village dissolved the Fire Pension fund with the approval of the Illinois Department of Insurance in fiscal year 2014-15; therefore, this year the Fund is not 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 fund financial statements can be found beginning on page 14 of this report.*

Notes to the financial statements

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

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Other Information

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

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, 2016 was \$94,652,519, which represents an increase of \$1,529,054 as compared to April 30, 2015. The Village's net position from governmental activities increased by \$1,538,952 and net position from business-type activities decreased by \$9,898 based upon restated FY2015 balances. Table 1 below presents a summary of governmental and business-type net position as of April 30, 2016 compared to April 30, 2015. *More detailed information can be found in the Statement of Net Position on page 4.*

7Table 1: Comparative Summary Statements of Net Position as of April 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 14,941,606	\$ 13,005,507	\$ 14,308,484	\$ 13,657,992	\$ 29,250,090	\$ 26,663,499
Capital assets	29,521,424	29,371,246	57,530,336	57,641,560	87,051,760	87,012,806
Total Assets	44,463,030	42,376,753	71,838,820	71,299,552	116,301,850	113,676,305
Deferred outflows of resources	3,385,788	-	797,829	116,430	4,183,617	116,430
Liabilities						
Current liabilities	1,290,236	594,134	663,775	594,134	1,954,011	1,188,268
Noncurrent liabilities	12,569,200	10,951,580	6,002,099	5,494,141	18,571,299	16,445,721
Total Liabilities	13,859,436	11,545,714	6,665,874	6,088,275	20,525,310	17,633,989
Deferred inflows of resources	5,307,638	3,688,247	-	-	5,307,638	3,688,247
Net Position						
Net investment in capital assets	25,429,349	25,614,157	52,730,571	53,470,978	78,159,920	79,085,135
Restricted net position	2,600,997	2,194,697	-	-	2,600,997	2,194,697
Unrestricted net position	651,398	(666,062)	13,240,204	12,509,695	13,891,602	11,843,633
Total Net Position	\$ 28,681,744	\$ 27,142,792	\$ 65,970,775	\$ 65,980,673	\$ 94,652,519	\$ 93,123,465

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

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 2016, governmental activities net position totaled \$28,681,744 reflecting an increase of \$1,538,952 over the restated prior fiscal year. Governmental activities total assets increased \$5,472,065 and governmental activities total liabilities increased \$3,933,113.

The \$5,472,065 increase in total assets and deferred outflows resulted from a \$1,936,099 increase in current and other assets, an increase of \$150,178 in capital assets, and a \$3,385,788 police pension deferred outflows recorded due to the establishment of GASB Statement No. 68. The increase in current and other assets reflects cost savings initiatives implemented by the Village allowing for the creation of a five-year capital asset plan with reserves set aside for future infrastructure improvements. The increase in capital assets is related to the purchase of new police vehicles, public works vehicles, and phase III of the road program.

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

The \$3,933,113 increase in total liabilities resulted from an increase of \$696,102 in current liabilities related to the bond escrow balance for the Bright Oaks Development, an increase of \$1,617,620 in noncurrent liabilities related to an increase in compensated absences, pension obligation, and net other postemployment benefits payables, and an \$1,619,391 increase in pension related deferred outflows recorded due to the establishment of GASB Statement No. 68.

Business-Type Activities

The business-type activities net position decreased by \$9,898. Business-type activities total assets increased by \$539,268, deferred outflows increased by \$681,399, and total liabilities increased \$577,599. The increase in total assets includes a \$650,492 increase in current and other assets offset by an \$111,224 decrease in capital assets. The majority of the increase in current assets occurred due an increase in cash position due to water rate increases to add to reserve balances to related infrastructure improvements, receipt of waterworks and sewage system IEPA junior liens revenue bonds to build the Holiday Park water tower and a decrease in expenses related to improved maintenance offset by a \$1,184,599 decrease in the Northwest Region Water Reclamation Fund related to the purchase of a Ford Interceptor, Headworks project, aeration blower and Prairie Material Site improvements. The increase in total liabilities includes a \$69,641 increase in current liabilities and a \$507,958 increase noncurrent liabilities. The increase in current liabilities relates to the increase in accounts payable of \$182,801 in the NW Region due to the aeration blower and Prairie Site improvements incurring costs in April 2016 and paid in FY2016-17 offset by a decrease in accounts payable in the Water fund since the fund experienced less April expenses than the prior year. 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, 2016

Changes in Net Position

The Village's combined change in net position for FY2016 was an increase of \$1,529,054. Business-type activities saw a decrease in net position of \$9,898 and a decrease of \$36,849 since the beginning of fiscal year 2016. 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, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for services	\$ 2,847,144	\$ 2,514,967	\$ 10,163,045	\$ 10,328,665	\$ 13,010,189	\$ 12,843,632
Operating and capital grants	311,826	459,332	-	97,369	311,826	556,701
General Revenues						
Property taxes	3,528,224	3,482,170	-	-	3,528,224	3,482,170
All other taxes	6,000,637	5,496,513	-	-	6,000,637	5,496,513
Other Revenues and Transfers	53,927	151,407	24,127	77,088	78,054	228,495
Total revenues	12,741,758	12,104,389	10,187,172	10,503,122	22,928,930	22,607,511
Expenses						
General government	957,156	799,335	-	-	957,156	799,335
Public safety	6,278,271	5,514,795	-	-	6,278,271	5,514,795
Public works	3,123,297	3,176,265	-	-	3,123,297	3,176,265
Parks & Recreation	315,400	343,593			315,400	343,593
Economic development	398,661	333,728			398,661	333,728
Interest	130,021	183,181	-	-	130,021	183,181
Water	-	-	2,938,948	2,978,143	2,938,948	2,978,143
Wastewater reclamation			6,168,558	6,156,463	6,168,558	6,156,463
911 Dispatch Service			1,001,802	1,010,415	1,001,802	1,010,415
Parking	-	-	87,762	269,073	87,762	269,073
Total expenses	11,202,806	10,350,897	10,197,070	10,414,094	21,399,876	20,764,991
Change in net position	1,538,952	1,637,710	(9,898)	89,028	1,529,054	1,842,520
Net Position - May 1	32,549,158	33,194,778	66,022,954	66,010,298	98,572,112	99,205,076
Prior period adjustment	(5,406,366)	(2,283,330)	(42,281)	(76,372)	(5,448,647)	(2,359,702)
Net Position, May 1, as restated	27,142,792	30,911,448	65,980,673	65,933,926	93,123,465	96,845,374
Net Position - April 30	\$ 28,681,744	\$ 32,549,158	\$ 65,970,775	\$ 66,022,954	\$ 94,652,519	\$ 98,687,894

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

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:

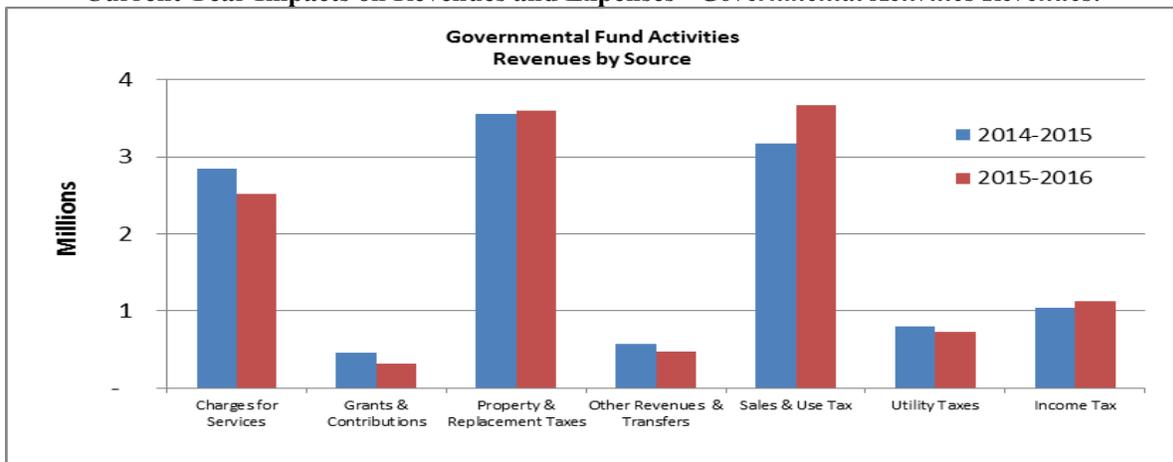
Introduction/elimination of programs and services – Within the functional expense categories (General Government, Public Safety, Public Works, etc.) programs and services may be added or deleted to address changing community needs, unfunded mandates from other governmental levels, and funding available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

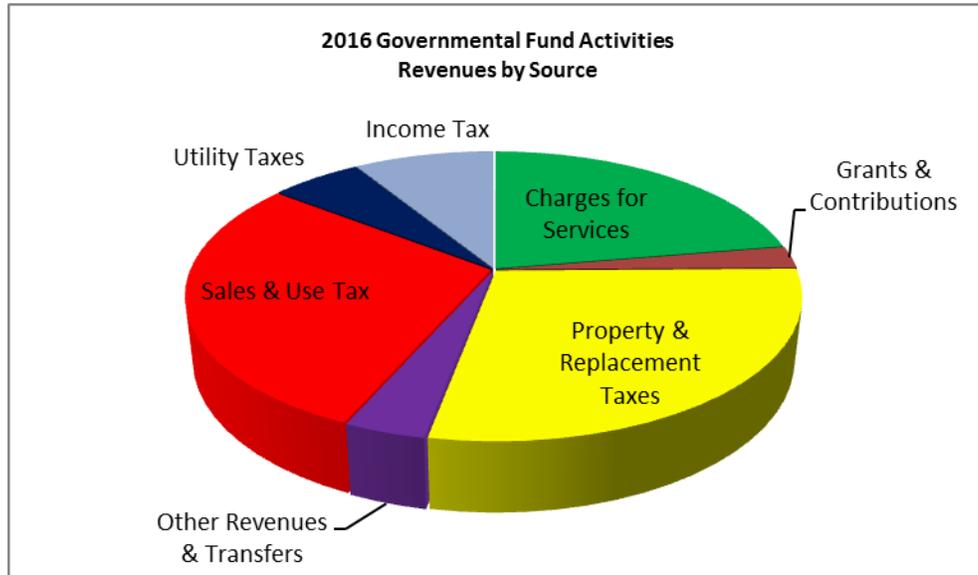
Salary increases (annual adjustments and merit) - The Village has two separate bargaining units representing approximately 55% of the employee population.

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, 2016



For the fiscal year ended April 30, 2016, revenues from governmental activities totaled \$12,741,758 an increase of \$637,369 or 5.27% from the prior fiscal year.

The Village continues to receive the majority of its revenues from property taxes, charges for services, income taxes, sales and local use taxes, telecommunications and utility taxes, video gaming and other taxes. Sales and Use Taxes represent the largest revenue source at \$3,673,964 or 29.61%. Grants, other revenues, and Utility taxes were the only categories that did not experience growth. It appears most tax revenues have stabilized and are seeing positive growth especially in the food, drinking and eating, lumber/hardware and filling station sectors. The Village is seeing a rebound in the housing market and more people are driving to their vacation destinations. The majority of these taxes are heavily dependent upon the state of the economy, including employment levels and the levels of expendable income for entertainment and extraneous purchases, as well as the Village's population. As such, the Village has experienced a slow and steady recovery in these revenues.

At \$3,593,059 and 28.95% 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 \$3,490,903 of taxes levied by the Village, \$64,835 for replacement taxes and \$37,321 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	\$586,407
Audit Tax	\$ 18,231
Corporate	\$886,724
Fire Protection	\$623,854
IMRF	\$128,292
Police Pension	\$492,810
Police Protection/System	\$235,887
Social Security	\$162,290
Tort Judgement/Liability Insurance	\$356,454
Road and Bridge	\$133,753

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

In fiscal year 2016, property tax revenues increased by \$45,059 or 1.3% mainly due to the rate of inflation limited by the Property Tax Extension Limitation Law.

Charges for Services were the Village's third largest revenue source at \$2,847,144, representing 20.27% of the total Governmental Activity revenue. The primary Charges for Services revenues are refuse fees \$934,972, reimbursable expenses \$272,528, police fines and special revenue \$540,593, licenses and permit fees \$418,097, and parks and recreational fees \$74,744. As a non-home rule municipality, the Village has limited authority on both the types of charges and related fees that it is able to impose. The majority of the Village's current charges for services focus on construction and business-related activity and, as such, this revenue stream tends to follow the ebbs and flows of the economy.

The operating and capital grants and contributions segment of program revenues includes the Village's motor fuel tax allotment and grants for public works improvements. For fiscal year 2016, revenue derived from operating and capital grants totaled \$311,826 and represented 2.51% of total governmental activity revenue. Of this total, the Village received \$281,019 from the motor fuel tax allotment and \$21,107 from the Illinois Clean Energy council for street light replacements and \$9,700 from the National Safety Council for AED reimbursements.

Income taxes which comprise \$1,127,431 or 9.09% of total revenue experienced an increase of 8.8%. The amount is higher for both legislative and economic reasons. The legislative reason involves the timing of changes around January 1, 2015, decrease in income tax rates and the associated increase in LGDF allocation rates that gave municipalities a one-time bump in May and June disbursements. The economic reason is that final tax payments allocated in May and June 2015 were greater than anticipated due to higher capital gains in Tax Year 2014. Some portion of this higher than anticipated revenue should be considered one-time rather than ongoing and should not be built into the underlying trend. These factors, combined with the improving labor market, have created the increased revenue. Similar growth is not anticipated for the coming year.

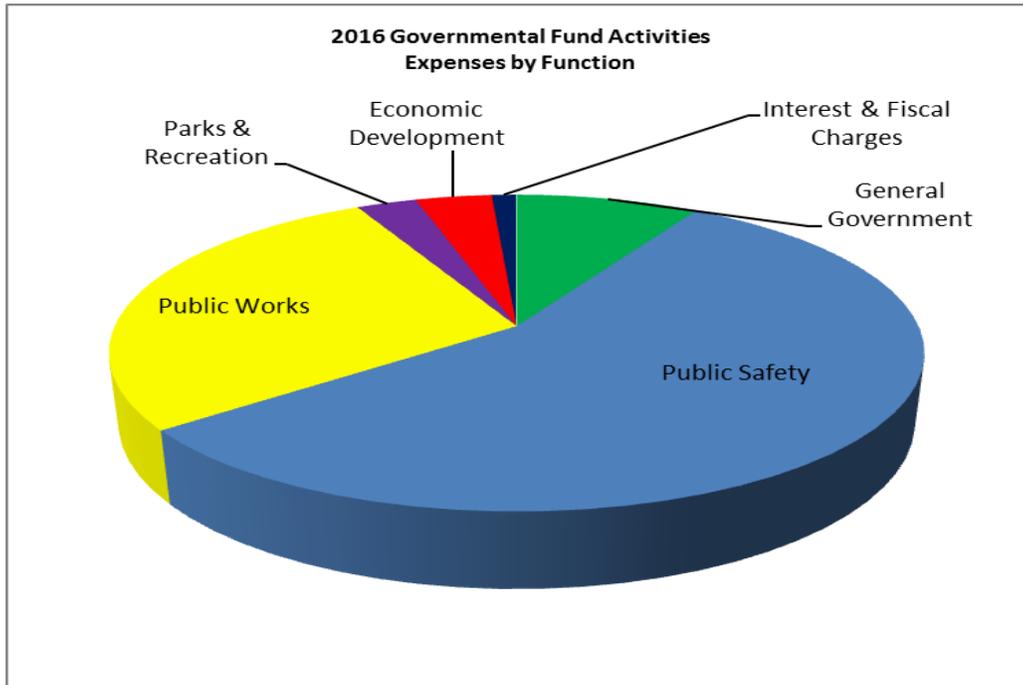
Utility taxes are 5.85% or \$724,377. The taxes have experienced a decrease of 9.11%. The decrease is related to telecom receipts experiencing a continued decline as consumers are switching from landline telecommunication services to cellular phones and data plans.

The remaining governmental activity revenues include investment income, gain on sale of capital assets, transfers and miscellaneous income. For fiscal year 2016, these revenues totaled \$463,957 or 3.74% of total governmental activities revenues: \$5,239 relates to the sale of property associated with the Police and Motor Pool, \$145,779 for franchise fees, \$272,528 relates to reimbursable income and \$37,344 for other miscellaneous.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Expenses:

For the fiscal year ended April 30, 2016, expenses from governmental activities totaled \$11,202,806, which represents an increase of \$851,909 or 8.23% compared to the prior year.



Public safety represents the largest portion of governmental activity expenses. Public safety consists of the Village's police department, including all related personnel, pension, training, supplies, and services for the 911 emergency dispatch center. For fiscal year 2016, expenses for public safety were \$6,278,271 and represented 56.04% of total governmental activity expenses. Public safety expenses increased \$763,476 from the prior year, which reflects additional expenses for professional services and legal expenses related to police irregularities 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 2016, expenses for public works totaled \$3,123,297 and represented 27.88% of total governmental activities expenses. The \$52,968 decrease in public works expenses from the prior year reflects the reduction in staff due to attrition offset by higher operating expenses.

General government is the third major category of governmental activity expenses. General government includes expenses for the Village Council, Village Clerk, administration, legal services, finance, engineering, technology, liability insurance, and utilities. For fiscal year 2016, expenses for general government were \$957,156 which represented 8.54% of total governmental activities expenses. General government expenses increased \$157,821 from the prior year due to an increase in liability insurance expenses related to police events in FY2015-16 and accounting expenses allocated to enterprise funds through the service charges versus direct expense allocation.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

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 2016, expenses for parks and recreation decreased by \$28,193 related to the Illinois Park and Recreation Facility Construction Grant expenses to pay for the improvements at the Lakefront Park facility incurred in FY2014-15. The grant was put on hold for FY2015-16 and has been reinstated for FY2016-17.

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 2016, expenses for economic development were \$398,661. Cost in the area did increase from the prior year by \$64,933 due to the addition of a code enforcement officer position and the full year salary for an Economic Development Director in FY2015-16.

Business-Type Activities

Revenues:

Total revenues for the Village's business-type activities for fiscal year 2016 were \$10,187,172.

Business-type activities in the Village consist of water operations, waste water reclamation, 911 dispatch center and parking operations. In fiscal year 2016, \$4,964,776 of program revenue were generated by charges for service from wastewater reclamation, \$4,150,112 from water operations, \$928,499 from 911 dispatch services and \$119,658 by parking operations.

Expenses:

Total expenses for the Village's business-type activities for fiscal year 2016 were \$10,197,070. Of the total expenses for business-type activities, \$6,168,558 is attributable to wastewater reclamation, \$2,938,948 to water and sewer operations, \$1,001,802 to 911 dispatch services and \$87,762 to parking operations.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

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, 2016, the Governmental Funds (as presented beginning on page 7) reported a combined fund balance of \$9,962,253 which is a \$1,216,941, or 13.92%, increase from the beginning of the year balance of \$8,745,312. Of the total year-end fund balance \$1,528,093 is unassigned and placed in Village reserves for future projects. Fund balances also include \$132,067 non-spendable, \$2,600,997 restricted, \$3,994,811 committed, and \$1,706,285 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 \$1,044,429, or 13.74%, from the beginning of year balance. The increase in fund balance reflects implementation of cost reduction initiatives, new revenue streams such as the places for eating tax which increased revenues by \$414,990, vehicle enforcement program resulted in \$230,969 in additional public safety revenues and \$141,687 in additional building and zoning fees related to the CalAtlantic Homes, and the Bright Oaks Development. The departmental savings were in Administration - \$261,108 and Public Works of \$126,081. Both departments saw a savings in wages and benefits due to a reduction of staff through attrition. Administration realized reduction of two staff members and the streets department realized one staff member.

Proprietary Funds

At April 30, 2016, the Enterprise Funds' (as presented beginning on page 11) total net position decreased by \$9,898 over the prior year.

The Water and Sewer Fund reflected an increase in net position of \$1,215,927. 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 \$1,184,600. 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 Commuter Parking fund saw a \$31,939 increase in net position. The reduction was reflected in expenses for parks and grounds maintenance. The Village administration renegotiated professional service contracts resulting in lower expenses.

The 911 Dispatch Services Fund reflected a \$73,164 decrease in net position. The decrease is attributable to contracts for services being lower than expenses. The 911 Dispatch Center expenses have been reviewed and a costing model established which captures all costs of the fund. The 911 Dispatch Center currently is in contract negotiations to provide services to several police and fire departments. New agreements will assist in the spreading of overhead costs to more agencies. The fund was established in FY2014-15. The revenues, expenses, and balance sheet information were included in the General Fund; however, since the 911 Center provides services to other outside entities it should be considered an Enterprise Fund and is now properly accounted for in the correct fund type.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

The Village Treasurer/Finance Director will be authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Board. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, one budget amendment was approved by the Village Board. The last budget amendment was approved on February 9, 2016.

CAPITAL ASSETS

At the end of FY2016, the Village had a combined total of \$87,221,454 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 Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land (includes rights of way and easements)	\$ 12,472,817	\$ 12,472,817	\$ 1,758,063	\$ 1,758,063	\$ 14,230,880	\$ 14,230,880
Construction in progress	268,538	168,636	815,842	2,053,320	1,084,380	2,221,956
Buildings and improvements	4,724,564	4,927,076	28,092,061	29,113,806	32,816,625	34,040,882
Vehicles & Equipment	1,207,715	1,298,767	3,042,525	3,229,425	4,250,240	4,528,192
Infrastructure	10,847,790	10,503,950	-	-	10,847,790	10,503,950
Water transmission system	-	-	14,892,291	11,989,127	14,892,291	11,989,127
Sewer collection system	-	-	8,929,554	9,417,223	8,929,554	9,417,223
Total capital assets	\$ 29,521,424	\$ 29,371,246	\$ 57,530,336	\$ 57,560,964	\$ 87,051,760	\$ 86,932,210

For fiscal year 2016, the Village's total capital assets, net of depreciation, increased \$119,550. Capital assets of business-type activities decreased \$30,628. Capital assets of government activities increased \$150,178 due Phase III of the road program improvements, Sayton Road construction in progress, and purchase of new vehicles offset by depreciation. The decrease to business type activities was related to depreciation expense exceeding the amount of new capital asset expenditure. The new capital expenditures were for the completion of the Holiday Park Water Tower and purchase of new vehicles.

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Table 5: Change in Capital Assets

	Governmental Activities 2016	Business-type Activities 2016	Total 2016
Beginning Balance	\$ 29,371,246	\$ 57,560,963	\$ 86,932,209
Additions			
Depreciable	1,056,722	3,712,148	4,768,870
Nondepreciable	99,902	771,180	871,082
Retirements			
Depreciable	(28,244)	(21,998)	(50,242)
Nondepreciable	-	(2,008,658)	(2,008,658)
Depreciation	(978,202)	(2,483,299)	(3,461,501)
	\$ 29,521,424	\$ 57,530,336	\$ 87,051,760

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

Governmental Activities

General Government
None

Police Department
None

Public Works

Dump Truck - \$154,800
Ford F-550 - \$67,218
Crown Victoria - \$5,000 Transfer from NW Region
Sayton Road improvements – CIP - \$99,902
Road Improvements Phase III – Meade Ct, North Pistakee, South Pistakee, and West Grand - \$829,704

Business-Type Activities

Water & Sewer

Ford Van - \$46,587
Ford Truck 4X4 - \$39,435
Holiday Park Tower – \$2,626,622
Hawthorne Lane - \$460,120
Glen and North Water Main – \$330,987
North System Wells 1 & 2 - \$22,596
North Tower – CIP - \$243,456
Phase II Scada – CIP - \$31,795
Interconnect – CIP - \$170,148

Northwest Region Reclamation

Ford Interceptor - \$26,959
Headworks Project - \$158,841
Aeration Blower Improvement – CIP - \$40,466
Prairie Material Site Improvement - CIP - \$285,315

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

Debt Outstanding

The Village of Fox Lake governmental activities had total long-term debt of \$8,842,931 as of April 30, 2016. Long-term debt is comprised of general obligation debt, Illinois EPA low interest loan, net pension obligation, compensated absences payable to employees, unamortized bond premium, and other postemployment benefit obligations. *For more detail on the Village's long-term debt, see Note 6 (b) in the Notes to the Financial Statements.*

General obligation debt outstanding: At the end of the year, the Village had six general obligation (G.O.) debt issues outstanding with a combined balance of \$6,335,677. 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 \$6,335,677 well below the \$21,229,834 set by law. None of the general obligation debt is bonded debt, and; therefore, is not supported with a direct tax on the residents of the Village.

Illinois Environmental Protection Agency Loan: The Village has a low interest rate loan due in semiannual installments of principal and interest. The total outstanding debt balance as of April 30, 2016 is \$2,507,254 with interest payments at a rate of 1.995% per year.

Compensated absences: At the end of the year, compensated absences payable totaled \$624,731, which reflected an increase of \$ 42,313 from the prior year. This increase reflects the expense of salary increases.

Net pension obligation: As of April 30, 2016, the Village's net pension obligation totaled \$8,775,017 which reflected a decrease of \$1,081,078 over the prior year. As of the last valuation date, the Police Pension Fund had a funded ratio of 70.4%. While the Village has taxing authority for the employer share of the police pension contribution, the tax revenue generated only covered 71.13% of the Village's FY2016 contribution. The police pension tax does not have a rate ceiling; however, the Village's ability to increase this tax levy is limited by the tax caps imposed by the state of Illinois. *For more detail on the Village's pension obligations see Note 9 (a) in the Notes to the Financial Statements.*

Other postemployment benefit (OPEB) obligations: As of April 30, 2016, the Village's net OPEB obligation totaled \$182,187. The Village is not required to and currently does not advance fund this obligation. *For more detail on the Village's OPEB obligation see Note 10 (e) in the Notes to the Financial Statements.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

VILLAGE OF FOX LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For Fiscal Year Ended April 30, 2016

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 FY2016-2017 budget adopted on April 12, 2016 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, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 10,268,073	\$ 11,035,406	\$ 21,303,479
Receivables, net of allowance for uncollectibles			
Property taxes	3,704,846	-	3,704,846
Accounts	441,415	2,368,698	2,810,113
Intergovernmental	977,346	-	977,346
Prepaid items	43,192	322,239	365,431
Inventory	88,875	-	88,875
Internal balances	(582,141)	582,141	-
Capital assets			
Capital assets not being depreciated	12,741,355	2,573,905	15,315,260
Capital assets being depreciated, net	16,780,069	54,956,431	71,736,500
Total assets	44,463,030	71,838,820	116,301,850
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	3,385,788	700,305	4,086,093
Unamortized loss on refunding	-	97,524	97,524
Total deferred outflows of resources	3,385,788	797,829	4,183,617
Total assets and deferred outflows of resources	47,848,818	72,636,649	120,485,467
LIABILITIES			
Accounts payable	448,820	570,265	1,019,085
Accrued payroll	146,920	93,510	240,430
Interest payable	15,729	-	15,729
Deposits payable	678,767	-	678,767
Noncurrent liabilities			
Due within one year	381,344	530,263	911,607
Due in more than one year	12,187,856	5,471,836	17,659,692
Total liabilities	13,859,436	6,665,874	20,525,310
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	1,602,792	-	1,602,792
Deferred property taxes	3,704,846	-	3,704,846
Total deferred inflows of resources	5,307,638	-	5,307,638
Total liabilities and deferred inflows of resources	19,167,074	6,665,874	25,832,948
NET POSITION			
Net investment in capital assets	25,429,349	52,730,571	78,159,920
Restricted for			
Economic development	300,066	-	300,066
Maintenance of roadways	984,040	-	984,040
DUI enforcement	51,660	-	51,660
Insurance	25,467	-	25,467
Northwest Region improvements	1,239,764	-	1,239,764
Unrestricted	651,398	13,240,204	13,891,602
TOTAL NET POSITION	\$ 28,681,744	\$ 65,970,775	\$ 94,652,519

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 957,156	\$ 1,127,571	\$ 30,807	\$ -
Public safety	6,278,271	604,713	-	-
Public works	3,123,297	1,040,094	281,019	-
Parks and recreation	315,400	74,766	-	-
Economic development	398,661	-	-	-
Interest and fiscal charges	130,021	-	-	-
Total governmental activities	11,202,806	2,847,144	311,826	-
Business-Type Activities				
Water and sewer	2,938,948	4,150,112	-	-
Wastewater reclamation	6,168,558	4,964,776	-	-
911 dispatch services	1,001,802	928,499	-	-
Parking	87,762	119,658	-	-
Total business-type activities	10,197,070	10,163,045	-	-
TOTAL PRIMARY GOVERNMENT	\$ 21,399,876	\$ 13,010,189	\$ 311,826	\$ -

	Net (Expense) Revenue and Change in Net Position		
	Governmental	Business-Type	Total
	Activities	Activities	
	\$ 201,222	\$ -	\$ 201,222
	(5,673,558)	-	(5,673,558)
	(1,802,184)	-	(1,802,184)
	(240,634)	-	(240,634)
	(398,661)	-	(398,661)
	(130,021)	-	(130,021)
	<u>(8,043,836)</u>	<u>-</u>	<u>(8,043,836)</u>
	-	1,211,164	1,211,164
	-	(1,203,782)	(1,203,782)
	-	(73,303)	(73,303)
	-	31,896	31,896
	<u>-</u>	<u>(34,025)</u>	<u>(34,025)</u>
	<u>(8,043,836)</u>	<u>(34,025)</u>	<u>(8,077,861)</u>
General Revenues			
Taxes			
Property tax	3,528,224	-	3,528,224
Utility tax	724,377	-	724,377
Sales tax	3,428,495	-	3,428,495
Use tax	245,469	-	245,469
Hotel/motel tax	5,147	-	5,147
Road and bridge tax	133,801	-	133,801
Video gaming proceeds	271,005	-	271,005
Rental car taxes	77	-	77
Replacement tax	64,835	-	64,835
Shared income tax	1,127,431	-	1,127,431
Miscellaneous	37,344	-	37,344
Gain on sale of capital assets	5,239	-	5,239
Investment income	11,344	24,127	35,471
Total	<u>9,582,788</u>	<u>24,127</u>	<u>9,606,915</u>
CHANGE IN NET POSITION	<u>1,538,952</u>	<u>(9,898)</u>	<u>1,529,054</u>
NET POSITION, MAY 1	32,549,158	66,022,954	98,572,112
Restatement	<u>(5,406,366)</u>	<u>(42,281)</u>	<u>(5,448,647)</u>
NET POSITION, MAY 1, AS RESTATED	<u>27,142,792</u>	<u>65,980,673</u>	<u>93,123,465</u>
NET POSITION, APRIL 30	<u>\$ 28,681,744</u>	<u>\$ 65,970,775</u>	<u>\$ 94,652,519</u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 8,997,853	\$ 1,270,220	\$ 10,268,073
Receivables, net			
Property taxes	3,667,840	37,006	3,704,846
Accounts	436,597	-	436,597
Intergovernmental	953,270	24,076	977,346
Prepaid items	43,192	-	43,192
Inventory	58,221	30,654	88,875
Due from other funds	32,928	-	32,928
	<u>\$ 14,189,901</u>	<u>\$ 1,361,956</u>	<u>\$ 15,551,857</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 438,673	\$ 10,147	\$ 448,820
Accrued payroll	146,920	-	146,920
Deposits payable	678,767	-	678,767
Due to other funds	610,208	43	610,251
	<u>1,874,568</u>	<u>10,190</u>	<u>1,884,758</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	3,667,840	37,006	3,704,846
	<u>3,667,840</u>	<u>37,006</u>	<u>3,704,846</u>
Total deferred inflows of resources			
	<u>5,542,408</u>	<u>47,196</u>	<u>5,589,604</u>
Total liabilities and deferred inflows of resources			
FUND BALANCES			
Nonspendable			
Nonspendable prepaid items	43,192	-	43,192
Nonspendable inventory	58,221	30,654	88,875
Restricted			
Restricted for DUI enforcement	51,660	-	51,660
Restricted for insurance	25,467	-	25,467
Restricted for Northwest Region improvements	1,239,764	-	1,239,764
Restricted for economic development	-	300,066	300,066
Restricted for maintenance of roadways	-	984,040	984,040
Unrestricted			
Committed by reserve policy	3,994,811	-	3,994,811
Assigned for capital projects	1,706,285	-	1,706,285
Unassigned	1,528,093	-	1,528,093
	<u>8,647,493</u>	<u>1,314,760</u>	<u>9,962,253</u>
Total fund balances			
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 14,189,901</u>	<u>\$ 1,361,956</u>	<u>\$ 15,551,857</u>

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, 2016

FUND BALANCES OF GOVERNMENTAL FUNDS		\$ 9,962,253
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		29,521,424
Pension related deferred outflows of resources are not related to current financial resources and, therefore, are not presented in the governmental fund statements		3,385,788
Interest payable is accrued as incurred in the statement of activities as opposed to when paid in governmental funds		(15,729)
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	(4,001,009)	
Unamortized bond premium	(91,064)	
Compensated absences payable	(417,913)	
Net pension liability	(7,877,027)	
Net other postemployment benefit	(182,187)	
		(12,569,200)
Pension related deferred inflows of resources are not due and payable within the current period and, therefore, are not reported in the governmental funds		(1,602,792)
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 28,681,744</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, 2016

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,285,769	\$ 37,321	\$ 5,323,090
Licenses, permits and fees	638,642	-	638,642
Intergovernmental	4,236,578	281,019	4,517,597
Charges for services	1,395,380	-	1,395,380
Fines and forfeitures	540,592	-	540,592
Investment income	10,133	1,211	11,344
Miscellaneous	309,877	-	309,877
	<hr/>		
Total revenues	12,416,971	319,551	12,736,522
EXPENDITURES			
Current			
General government	828,068	-	828,068
Public safety	5,891,824	-	5,891,824
Public works	2,268,781	137,937	2,406,718
Parks and recreation	278,230	-	278,230
Economic development	367,528	9,102	376,630
Capital outlay	1,159,805	-	1,159,805
Debt service			
Principal	436,315	-	436,315
Interest and fiscal charges	147,230	-	147,230
	<hr/>		
Total expenditures	11,377,781	147,039	11,524,820
	<hr/>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,039,190	172,512	1,211,702
<hr/>			
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	5,239	-	5,239
	<hr/>		
Total other financing sources (uses)	5,239	-	5,239
	<hr/>		
NET CHANGE IN FUND BALANCES	1,044,429	172,512	1,216,941
	<hr/>		
FUND BALANCES, MAY 1	7,603,064	1,142,248	8,745,312
	<hr/>		
FUND BALANCES, APRIL 30	\$ 8,647,493	\$ 1,314,760	\$ 9,962,253
	<hr/> <hr/>		

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2016

**NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS** \$ 1,216,941

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 1,156,624
Depreciation expense (1,006,446)

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

Retirement of general obligation debt 436,315
Amortization of bond premium 10,749
Change in compensated absences payable (35,201)
Change in net pension liability payable (208,969)
Change in net other postemployment benefit payable (37,521)

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

6,460

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,538,952

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2016

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Commuter Parking Lot	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,029,843	\$ 9,003,465	\$ 47	\$ 2,051	\$ 11,035,406
Receivables					
Accounts (net of allowance for uncollectible accounts)	734,615	1,571,524	62,078	481	2,368,698
Prepaid items	289,126	20,640	12,358	115	322,239
Due from other funds	303,477	306,731	-	-	610,208
Total current assets	3,357,061	10,902,360	74,483	2,647	14,336,551
NONCURRENT ASSETS					
Capital assets, net of accumulated depreciation	16,697,257	40,476,090	51,657	305,332	57,530,336
Total noncurrent assets	16,697,257	40,476,090	51,657	305,332	57,530,336
Total assets	20,054,318	51,378,450	126,140	307,979	71,866,887
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	97,524	-	-	-	97,524
Pension related deferred outflows of resources	175,290	384,280	135,785	4,950	700,305
Total deferred outflows of resources	272,814	384,280	135,785	4,950	797,829
Total assets and deferred outflows of resources	20,327,132	51,762,730	261,925	312,929	72,664,716
CURRENT LIABILITIES					
Accounts payable	122,535	421,126	25,441	1,163	570,265
Accrued payroll	20,750	41,687	30,119	954	93,510
Due to other funds	-	-	-	28,067	28,067
Current portion of long-term debt	524,757	-	5,506	-	530,263
Total current liabilities	668,042	462,813	61,066	30,184	1,222,105
NONCURRENT LIABILITIES					
Compensated absences payable	40,238	121,526	41,603	3,451	206,818
Long term debt	4,562,855	492,755	203,061	6,347	5,265,018
Total noncurrent liabilities	4,603,093	614,281	244,664	9,798	5,471,836
Total liabilities	5,271,135	1,077,094	305,730	39,982	6,693,941
NET POSITION (DEFICIT)					
Net investment in capital assets	11,931,942	40,476,090	17,207	305,332	52,730,571
Unrestricted (deficit)	3,124,055	10,209,546	(61,012)	(32,385)	13,240,204
TOTAL NET POSITION (DEFICIT)	\$ 15,055,997	\$ 50,685,636	\$ (43,805)	\$ 272,947	\$ 65,970,775

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, 2016

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Commuter Parking Lot	Total
OPERATING REVENUES					
Water sales	\$ 3,727,674	\$ -	\$ -	\$ -	\$ 3,727,674
Sewer fees	-	4,742,361	-	-	4,742,361
Dispatch fees	-	-	927,738	-	927,738
Parking fees	-	-	-	119,658	119,658
Tap on fees	212,029	219,540	-	-	431,569
Miscellaneous	210,409	2,875	761	-	214,045
Total operating revenues	4,150,112	4,964,776	928,499	119,658	10,163,045
OPERATING EXPENSES					
Personnel services	797,765	1,594,676	831,999	30,720	3,255,160
Contractual services/commodities	1,376,920	2,728,704	156,223	52,006	4,313,853
Depreciation	636,055	1,845,178	12,429	5,036	2,498,698
Total operating expenses	2,810,740	6,168,558	1,000,651	87,762	10,067,711
OPERATING INCOME (LOSS)	1,339,372	(1,203,782)	(72,152)	31,896	95,334
NON-OPERATING REVENUES (EXPENSES)					
Investment income	4,763	19,182	139	43	24,127
Interest and fiscal charges	(128,208)	-	(1,151)	-	(129,359)
Total non-operating revenues (expenses)	(123,445)	19,182	(1,012)	43	(105,232)
CHANGE IN NET POSITION	1,215,927	(1,184,600)	(73,164)	31,939	(9,898)
NET POSITION, MAY 1	13,832,681	51,925,838	23,635	240,800	66,022,954
Restatement	7,389	(55,602)	5,724	208	(42,281)
NET POSITION, MAY 1, AS RESTATED	13,840,070	51,870,236	29,359	241,008	65,980,673
NET POSITION (DEFICIT), APRIL 30	\$ 15,055,997	\$ 50,685,636	\$ (43,805)	\$ 272,947	\$ 65,970,775

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

April 30, 2016

	Water and Sewer	Northwest Region Water Reclamation	911 Dispatch Services	Nonmajor Commuter Parking Lot	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 4,156,200	\$ 4,926,366	\$ 904,215	\$ 119,178	\$ 10,105,959
Payments to suppliers	(1,861,762)	(2,702,625)	(811,809)	(29,479)	(5,405,675)
Payments to employees	(734,348)	(1,471,232)	(92,411)	(51,873)	(2,349,864)
Net cash from operating activities	1,560,090	752,509	(5)	37,826	2,350,420
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund activity	(266,562)	(308,811)	1,033	(36,611)	(610,951)
Net cash from noncapital financing activities	(266,562)	(308,811)	1,033	(36,611)	(610,951)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	4,763	19,183	139	43	24,128
Net cash from investing activities	4,763	19,183	139	43	24,128
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(1,996,020)	(242,331)	-	-	(2,238,351)
Proceeds from issuance of IPEA loans	1,114,254	-	-	-	1,114,254
Payments of principal	(510,829)	-	(7,336)	-	(518,165)
Interest and fiscal charges paid on capital debt	(115,841)	-	(1,151)	-	(116,992)
Net cash from capital and related financing activities	(1,508,436)	(242,331)	(8,487)	-	(1,759,254)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(210,145)	220,550	(7,320)	1,258	4,343
CASH AND CASH EQUIVALENTS, MAY 1	2,239,988	8,782,915	7,367	793	11,031,063
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 2,029,843	\$ 9,003,465	\$ 47	\$ 2,051	\$ 11,035,406
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,339,372	\$ (1,203,782)	\$ (72,152)	\$ 31,896	\$ 95,334
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation	636,055	1,845,178	12,429	5,036	2,498,698
(Increase) decrease in					
Receivables	6,088	(38,410)	(24,284)	(480)	(57,086)
Prepaid items	4,107	12,662	4,980	140	21,889
Pension items	(167,901)	(368,081)	(130,061)	(4,742)	(670,785)
Increase (decrease) in					
Accounts payable	(488,949)	13,417	14,777	(1,612)	(462,367)
Accrued payroll	2,667	5,777	10,998	193	19,635
Compensated absences payable	3,879	(7,007)	9,192	1,048	7,112
Net pension liability	224,772	492,755	174,116	6,347	897,990
NET CASH FROM OPERATING ACTIVITIES	\$ 1,560,090	\$ 752,509	\$ (5)	\$ 37,826	\$ 2,350,420

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2016

ASSETS	
Cash	\$ 133,977
Investments (at fair value)	
Corporate obligations	424,327
State and local obligations	63,510
U.S. Government obligations	3,087,216
Mutual funds	10,246,806
Accrued interest receivable	35,774
Prepaid expenses	<u>6,808</u>
 Total assets	 <u>13,998,418</u>
 LIABILITIES	
Accounts payable	2,194
Due to General Fund	<u>4,818</u>
 Total liabilities	 <u>7,012</u>
 NET POSITION RESTRICTED FOR PENSION BENEFITS	 <u><u>\$ 13,991,406</u></u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2016

ADDITIONS

Contributions	
Employer	\$ 692,803
Plan members	<u>196,573</u>
Total contributions	<u>889,376</u>
Investment income	
Net depreciation in fair value of investments	(695,320)
Interest and dividends	<u>327,406</u>
Total investment income	(367,914)
Less investment expense	<u>(27,207)</u>
Net investment income	<u>(395,121)</u>
Total additions	<u>494,255</u>

DEDUCTIONS

Pension benefits and refunds	554,151
Administrative expenses	<u>30,603</u>
Total deductions	<u>584,754</u>

NET DECREASE (90,499)

**NET POSITION RESTRICTED
FOR PENSION BENEFITS**

May 1	<u>14,081,905</u>
April 30	<u>\$ 13,991,406</u>

See accompanying notes to financial statements.

VILLAGE OF FOX LAKE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

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 a pension trust fund which is generally used to account for assets that the Village holds in a fiduciary capacity.

c. Government-Wide and Fund Financial Statements

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

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

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

The Village reports the following major governmental funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major proprietary funds:

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Those revenues susceptible to accrual are property taxes, franchise fees, licenses, interest revenue and charges for services. Sales and telecommunication taxes owed to the state at year end on behalf of the Village also are recognized as revenue. Fines and permits 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, 2016 for debt and equity securities. Mutual funds, investment funds, and insurance separate accounts are valued at contract value as of April 30, 2016.

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 of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include resolutions and ordinances (equally binding) approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has not been delegated. Any residual fund balance of the General Fund is reported as unassigned. Any deficit fund balances in other governmental funds are also reported as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Balance/Net Position (Continued)

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

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

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

l. Long-Term Obligations

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Interfund Transactions

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

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

n. Deferred Outflows/Inflows of Resources

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

o. Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

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

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.

2. DEPOSITS AND INVESTMENTS (Continued)

Village Investments (Continued)

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

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

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

3. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2014 levy year attach as an enforceable lien on January 1, 2014, 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, 2015 and August 1, 2015, and are payable in two installments, on or about June 1, 2015 and September 1, 2015. The County collects such taxes and remits them periodically. The 2015 tax levy is intended to finance the 2017 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable/deferred revenue. The 2016 tax levy has not been recorded as a receivable at April 30, 2016, as the tax attached as a lien on property as of January 1, 2016; however, the tax will not be levied until December 2016 and, accordingly, is not measurable at April 30, 2016.

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, 2016 was as follows:

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 2,001,335	\$ -	\$ -	\$ 2,001,335
Land right of way	10,471,482	-	-	10,471,482
Construction in progress	168,636	99,902	-	268,538
Total capital assets not being depreciated	12,641,453	99,902	-	12,741,355
Capital assets being depreciated				
Buildings and improvements	8,540,195	-	-	8,540,195
Vehicles and equipment	6,058,734	227,018	28,244	6,257,508
Infrastructure	18,838,415	829,704	-	19,668,119
Total capital assets being depreciated	33,437,344	1,056,722	28,244	34,465,822
Less accumulated depreciation for				
Buildings	3,613,119	202,512	-	3,815,631
Vehicles and equipment	4,759,967	318,070	28,244	5,049,793
Infrastructure	8,334,465	485,864	-	8,820,329
Total accumulated depreciation	16,707,551	1,006,446	28,244	17,685,753
Total capital assets being depreciated, net	16,729,793	50,276	-	16,780,069
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 29,371,246	\$ 150,178	\$ -	\$ 29,521,424
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,758,063	\$ -	\$ -	\$ 1,758,063
Construction in progress	2,053,320	771,180	2,008,658	815,842
Total capital assets not being depreciated	3,811,383	771,180	2,008,658	2,573,905
Capital assets being depreciated				
Buildings	45,727,319	-	-	45,727,319
Vehicles and equipment	8,618,857	271,822	21,998	8,868,681
Water transmission system	20,842,713	3,440,326	-	24,283,039
Sewer collection system	18,924,580	-	-	18,924,580
Total capital assets being depreciated	94,113,469	3,712,148	21,998	97,803,619
Less accumulated depreciation for				
Buildings	16,613,513	1,021,745	-	17,635,258
Vehicles and equipment	5,389,432	452,123	15,399	5,826,156
Water transmission system	8,853,586	537,162	-	9,390,748
Sewer collection system	9,507,358	487,668	-	9,995,026
Total accumulated depreciation	40,363,889	2,498,698	15,399	42,847,188
Total capital assets being depreciated, net	53,749,580	1,213,450	6,599	54,956,431
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 57,560,963	\$ 1,984,630	\$ 2,015,257	\$ 57,530,336

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	295,399
Public works	626,193
Parks and recreation	<u>30,126</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,006,446</u></u>

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and net income losses. To insure against the losses, the Village participates in the Illinois Counties Risk Management Trust (ICRMT), a public entity risk pool with transfers of risk. The Village pays an annual premium to ICRMT for property, general liability, public officials' liability, employment practices liability, automobile liability, crime and workers' compensation coverage. The following table is a summary of coverage in effect for the period December 31, 2015 through December 1, 2016:

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, 2016 for the current or prior claim years.

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

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

6. LONG-TERM DEBT

a. General Obligation Bonds

The outstanding debt as of April 30, 2016 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	\$ 16,700	\$ 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	116,000	15,000
\$1,300,000 General Obligation Bond Series 2003A due in annual installments \$62,869 to \$115,414, from June 30, 2003 to June 30, 2019 with interest at 4.375%.	General	433,018	101,273
\$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	2,319,959	385,000
\$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	270,000	270,000
\$3,180,000 General Obligation Debt Certificates 2014 Series B due in annual installments of \$150,000 to \$370,000, from May 1, 2015 to May 1, 2029 with interest at 2% to 4%.	General/ Water and Sewer	3,180,000	-
\$2,530,147 Illinois EPA low interest loan due in semiannual installments of principal and interest in annual installments of \$46,765 to \$152,019 from November 15, 2014 to November 25 2036, with interest at 1.995%.	Water and Sewer	2,507,254	106,345
TOTAL OUTSTANDING DEBT		\$ 8,842,931	\$ 894,318

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>
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	427,002	63,288
2023	304,960	49,572
2024	282,798	38,815
2025	126,000	28,980
2026	129,150	24,507
2027	129,150	19,341
2028	135,450	14,049
2029	138,600	8,568
2030	144,900	2,898
TOTAL	\$ 4,001,009	\$ 774,681

<u>Year Ending</u>	<u>Business-Type Activities</u>	
	<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
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	\$ 2,334,668	\$ 422,472

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

6. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity (Continued)

<u>Year</u> <u>Ending</u>	<u>Business-Type Activities</u>	
	<u>IPEA Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 106,345	\$ 49,492
2018	108,477	47,360
2019	110,652	45,185
2020	112,870	42,966
2021	115,133	40,703
2022	117,442	38,395
2023	119,796	36,040
2024	122,198	33,639
2025	124,648	31,189
2026	127,147	28,689
2027	129,697	26,140
2028	132,297	23,540
2029	134,949	20,887
2030	137,655	18,182
2031	140,415	15,422
2032	143,230	12,606
2033	146,102	9,735
2034	149,031	6,805
2035	152,019	3,817
2036	77,151	769
TOTAL	<u>\$ 2,507,254</u>	<u>\$ 531,561</u>

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%. As of April 30, 2016, \$485,000 of the defeased bonds were outstanding to be paid from escrow.

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

6. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities

The following is a summary of changes in bonds, installment notes payable, debt certificates and other long-term liabilities during fiscal year 2016:

	Balances May 1, Restated	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation debt certificates	\$ 3,907,292	\$ -	\$ 339,300	\$ 3,567,992	\$ 269,322
General obligation bonds	530,032	-	97,015	433,017	101,273
Compensated absences payable	382,712	35,201	-	417,913	-
Other postemployment benefits	144,666	37,521	-	182,187	-
Net pension liability	5,946,004	1,931,023	-	7,877,027	-
Unamortized bond premium	101,813	-	10,749	91,064	10,749
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11,012,519	\$ 2,003,745	\$ 447,064	\$ 12,569,200	\$ 381,344
BUSINESS-TYPE ACTIVITIES					
General obligation debt certificates	\$ 2,806,068	\$ -	\$ 471,400	\$ 2,334,668	\$ 417,378
Illinois EPA loan	1,439,765	1,114,254	46,765	2,507,254	106,345
Compensated absences payable	199,706	7,112	-	206,818	-
Net pension liability	48,046	849,945	-	897,991	-
Unamortized bond premium	61,908	-	6,540	55,368	6,540
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 4,555,493	\$ 1,971,311	\$ 524,705	\$ 6,002,099	\$ 530,263

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

7. INTERFUND ASSETS/LIABILITIES AND TRANSFERS

Interfund balances consisted of the following:

	Due From	Due To
General Fund		
Tax Increment Fund	\$ 43	\$ -
Commuter Fund	28,067	-
Police Pension Fund	4,818	-
Water and Sewer Fund	-	303,477
Northwest Regional Water Reclamation Fund	-	306,731
	32,928	610,208
Tax Increment Fund		
General Fund	-	43
Water and Sewer Fund		
General Fund	303,477	-
Police Pension Fund		
General Fund	-	4,818
Northwest Regional Water Reclamation Fund		
General Fund	306,731	-
Commuter Fund		
General Fund	-	28,067
	-	28,067
TOTAL INTERFUND BALANCES	\$ 643,136	\$ 643,136

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

8. CONTINGENT LIABILITIES

a. Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the Village as a whole. However, the Village is engaged in mediation over a matter which could result in a material allocation of resources between the funds of the Village.

b. Grants

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

9. DEFINED BENEFIT PENSION PLANS

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

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2015, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	51
Inactive employees entitled to but not yet receiving benefits	53
active employees	<u>67</u>
 TOTAL	 <u><u>171</u></u>

Benefits Provided

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

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

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

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended December 31, 2015 was 10.61% of covered payroll.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

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

Discount Rate

The discount rate used to measure the total pension liability was 7.49%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate (Continued)

Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.49% used to determine the total pension liability.

Changes in the Net Pension Liability

	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 14,519,330	\$ 14,433,541	\$ 85,789
Changes for the period			
Service cost	372,886	-	372,886
Interest	1,083,145	-	1,083,145
Difference between expected and actual experience	407,982	-	407,982
Changes in assumptions	20,903	-	20,903
Employer contributions	-	401,722	(401,722)
Employee contributions	-	169,778	(169,778)
Net investment income	-	72,277	(72,277)
Benefit payments and refunds	(527,684)	(527,684)	-
Other (net transfer)	-	(276,527)	276,527
Net changes	1,357,232	(160,434)	1,517,666
BALANCES AT DECEMBER 31, 2015	\$ 15,876,562	\$ 14,273,107	\$ 1,603,455

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2016, the Village recognized pension expense of \$768,733.

At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience changes in assumption	\$ 323,570	\$ -
Net difference between projected and actual earnings on pension plan investments	16,578	-
Contributions made subsequent to the measurement date	801,210	-
	109,112	-
TOTAL	\$ 1,250,470	\$ -

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

<u>Year Ending April 30,</u>	
2017	\$ 398,151
2018	289,039
2019	289,039
2020	274,241
2021	-
Thereafter	-
TOTAL	\$ 1,250,470

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 7.49% 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 (6.49%) or 1 percentage point higher (8.49%) than the current rate:

	1% Decrease (6.49%)	Current Discount Rate (7.49%)	1% Increase (8.49%)
Net pension liability (asset)	\$ 3,883,026	\$ 1,603,455	\$ (235,766)

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At April 30, 2016 (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	13
Current employees	
Vested	17
Nonvested	4
	<hr/>
TOTAL	34
	<hr/> <hr/>

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

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

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

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

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

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

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

Contributions

Employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary, including administrative costs. The Village's contribution rate for the year was 39.81%.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Contributions (Continued)

However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. The Village has adopted a funding policy that will result in funding of 90% of the past service cost by 2040.

Investment Policy

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

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

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

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

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

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in March 2016 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major 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, 2016 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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.75%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Deposits with Financial Institutions

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

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Corporate fixed income	\$ 424,327	\$ -	\$ 317,068	\$ 107,259	\$ -
Municipal bonds	63,510	-	63,510	-	-
Treasury securities	1,476,504	101,793	1,102,809	137,941	133,961
Federal agencies	1,610,712	406,360	967,469	236,883	-
TOTAL	\$ 3,575,053	\$ 508,153	\$ 2,450,856	\$ 482,083	\$ 133,961

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. Corporate bonds are rated AA to BBB- by Standard & Poor's. The money market funds are not rated.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Custodial Credit Risk

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

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Asset Class	Target Allocation	Estimated Geometric Return	Return Attributed to Class
US Large Cap Equity	27%	9.00%	2.43%
US Mid Cap Equity	3%	9.50%	0.29%
US Small Cap Equity	3%	10.00%	0.30%
REITs	3%	8.00%	0.24%
Non US Developed Equity	16%	8.40%	1.34%
Emerging Markets	8%	9.40%	0.75%
Fixed Income	38%	4.90%	1.86%
Cash	2%	3.30%	0.07%

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2015	\$ 19,990,165	\$ 14,081,906	\$ 5,908,259
Changes for the period			
Service cost	505,724	-	505,724
Interest	1,379,916	-	1,379,916
Difference between expected and actual experience	(1,602,792)	-	(1,602,792)
Changes in assumptions	1,444,105	-	1,444,105
Employer contributions	-	692,803	(692,803)
Employee contributions	-	196,573	(196,573)
Net investment income	-	(395,122)	395,122
Benefit payments and refunds	(554,151)	(554,151)	-
Administrative expense	-	(30,603)	30,603
Net changes	1,172,802	(90,500)	1,263,302
BALANCES AT APRIL 30, 2016	\$ 21,162,967	\$ 13,991,406	\$ 7,171,561

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.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	5.50%
Interest rate	7.00%
Asset valuation method	Market

Mortality rates were based on the RP-2014 (BCHA) Mortality Table, unadjusted for public safety. The actuarial assumptions used in the April 30, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate Sensitivity

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 10,180,500	\$ 7,171,561	\$ 4,701,263

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

For the year ended April 30, 2016, the Village recognized pension expense of \$230,470. At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,602,792
Changes in assumptions	1,444,105	-
Net difference between projected and actual earnings on pension plan investments	1,391,518	-
TOTAL	\$ 2,835,623	\$ 1,602,792

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

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

<u>Year Ending April 30,</u>	
2017	\$ 241,400
2018	241,400
2019	241,400
2020	241,400
2021	267,231
Thereafter	-
TOTAL	\$ 1,232,831

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

b. Benefits Provided

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

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

c. Membership

At April 30, 2014, membership consisted of:

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

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. Funding Policy

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

e. Annual OPEB Costs and Net OPEB Obligation

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 91,933	\$ 54,411	59.2%	\$ 182,187
2015	89,054	46,655	52.4%	144,666
2014	51,429	23,833	46.3%	102,267

The net OPEB obligation (NOPEBO) as of April 30, 2016 was calculated as follows:

Annual required contribution	\$ 94,512
Interest on net OPEB obligation	5,787
Adjustment to annual required contribution	<u>(8,366)</u>
Annual OPEB cost	91,933
Contributions made	<u>54,411</u>
Increase in net OPEB obligation	37,522
Net OPEB obligation, beginning of year	<u>144,665</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 182,187</u></u>

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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, 2015 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 7.58% for PPO and 6.96% for HMO plans and an ultimate healthcare cost trend rate of 5.00% for both PPO and HMO plans. These rates include a 3% 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.

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

11. RESTATEMENTS

The Village restated the beginning value of its construction in progress in the governmental activities because of a project that had been abandoned in the prior year, and reinstated in the current year, resulting in an increase in the value of assets of \$80,596.

The Village also restated its beginning fund balance in the Northwest Water Reclamation District Fund by \$71,802 after an evaluation of the capital asset balances in the Fund.

The Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information. The adoption of Statements Nos. 68 and 71 resulted in a prior period adjustment of \$5,846,962 in the Governmental Activities, \$7,389 in the Water Utility Fund, \$16,200 in the Northwest Region Water Reclamation Fund, \$5,724 in 911 Dispatch Services Fund, \$208 in Commuter Parking Fund and \$29,522 in the Business-Type Activities. The Village had an existing net pension obligation of \$398,103 that was reversed as a part of the change in accounting principle.

	Governmental Activities	Water Utility	Northwest Region Water Reclamation	911 Dispatch Services	Commuter Parking	Total Business-Type Activities
Change in accounting principle*	\$ (5,486,962)	\$ 7,389	\$ 16,200	\$ 5,724	\$ 208	\$ 29,521
Correction of an error - capital assets	80,596	-	(71,802)	-	-	(71,802)
	<u>\$ (5,406,366)</u>	<u>\$ 7,389</u>	<u>\$ (55,602)</u>	<u>\$ 5,724</u>	<u>\$ 208</u>	<u>\$ (42,281)</u>

*The Village implemented GASB Statement Nos. 68 and 71.

12. SUBSEQUENT EVENT

On June 28, 2016, the Village Board of Trustees approved Ordinance 2016-22, authorizing and providing for the issuance of IEPA Waterworks and Sewerage System Revenue Bonds, IEPA Junior Loan Series, in an amount not to exceed \$3,150,000.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 5,140,318	\$ 5,223,788	\$ 5,285,769	\$ 61,981
Licenses, permits and fees	416,490	544,660	638,642	93,982
Intergovernmental grants and reimbursements	4,850,608	4,239,644	4,236,578	(3,066)
Charges for services	1,265,988	1,388,448	1,395,380	6,932
Fines and forfeitures	294,300	472,122	540,592	68,470
Investment income	6,000	6,000	10,133	4,133
Miscellaneous	1,394,284	1,585,572	309,877	(1,275,695)
Total revenues	13,367,988	13,460,234	12,416,971	(1,043,263)
EXPENDITURES				
Current				
General government	1,140,255	1,652,694	828,068	(824,626)
Public safety	6,327,396	6,506,782	5,891,824	(614,958)
Public works	2,678,657	2,500,547	2,268,781	(231,766)
Parks and recreation	322,278	284,601	278,230	(6,371)
Community development	448,711	447,116	367,528	(79,588)
Grant expense	886,600	-	-	-
Capital outlay	1,790,500	1,562,965	1,159,805	(403,160)
Debt service				
Principal	436,322	436,644	436,315	(329)
Interest	175,104	175,104	147,230	(27,874)
Total expenditures	14,205,823	13,566,453	11,377,781	(2,188,672)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(837,835)	(106,219)	1,039,190	1,145,409
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	5,239	5,239
Total other financing sources (uses)	-	-	5,239	5,239
NET CHANGE IN FUND BALANCE	\$ (837,835)	\$ (106,219)	1,044,429	\$ 1,150,648
FUND BALANCE, MAY 1			7,603,064	
FUND BALANCE, APRIL 30			\$ 8,647,493	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2016

Schedule of Funding Progress

Fiscal Year 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)
2011	-	\$ 865,131	0.00%	\$ 865,131	N/A	N/A
2012	-	N/A	0.00%	N/A	N/A	N/A
2013	-	N/A	0.00%	N/A	N/A	N/A
2014	-	1,283,575	0.00%	1,283,575	N/A	N/A
2015	-	N/A	0.00%	N/A	N/A	N/A
2016		N/A	0.00%	N/A	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2012	\$ 23,829	\$ 48,334	49.30%
2013	23,635	48,334	48.90%
2014	23,833	50,308	47.37%
2015	46,655	50,308	92.74%
2016	54,411	50,308	108.16%

N/A - Information not available.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2016

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 560,084	\$ 565,894
Contributions in relation to the actuarially determined contribution	<u>684,444</u>	<u>692,803</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ (124,360)</u>	<u>\$ (126,909)</u>
Covered-employee payroll	\$ 2,017,470	\$ 1,740,188
Contributions as a percentage of covered-employee payroll	33.93%	39.81%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the preceding fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 17 years; the asset valuation method was five-year average market; and the significant actuarial assumptions were an investment rate of return at 7.0% annually, projected salary increases assumption of 5.5% compounded annually.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2016

	<u>2016</u>
Actuarially determined contribution	\$ 403,072
Contributions in relation to the actuarially determined contribution	<u>401,722</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ 1,350</u></u>
Covered-employee payroll	\$ 3,784,712
Contributions as a percentage of covered-employee payroll	10.61%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the preceding calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was at five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3.0% compounded annually.

VILLAGE OF FOX LAKE, ILLINOIS

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

April 30, 2016

	2015	2016
TOTAL PENSION LIABILITY		
Service cost	\$ 444,803	\$ 505,724
Interest	1,198,600	1,379,916
Differences between expected and actual experience	160,144	(1,602,792)
Changes in assumptions	1,305,881	1,444,105
Benefit payments, including refunds of member contributions	(484,233)	(554,151)
	2,625,195	1,172,802
Net change in total pension liability		
Total pension liability - beginning	17,364,970	19,990,165
TOTAL PENSION LIABILITY - ENDING	\$ 19,990,165	\$ 21,162,967
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 684,444	\$ 692,803
Contributions - member	190,771	196,573
Net investment income	973,307	(395,122)
Benefit payments, including refunds of member contributions	(484,233)	(554,151)
Administrative expense	(20,772)	(30,603)
	1,343,517	(90,500)
Net change in plan fiduciary net position		
Plan fiduciary net position - beginning	12,738,388	14,081,906
PLAN FIDUCIARY NET POSITION - ENDING	\$ 14,081,905	\$ 13,991,406
EMPLOYER'S NET PENSION LIABILITY	\$ 5,908,260	\$ 7,171,561
Plan fiduciary net position as a percentage of the total pension liability	70.44%	66.11%
Covered-employee payroll	\$ 2,017,470	\$ 1,740,188
Employer's net pension liability as a percentage of covered-employee payroll	292.76%	412.11%

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

April 30, 2016

	2016
TOTAL PENSION LIABILITY	
Service cost	\$ 372,886
Interest	1,083,145
Differences between expected and actual experience	407,982
Changes in assumptions	20,903
Benefit payments, including refunds of member contributions	(527,684)
Net change in total pension liability	1,357,232
Total pension liability - beginning	14,519,330
TOTAL PENSION LIABILITY - ENDING	\$ 15,876,562
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 401,722
Contributions - member	169,778
Net investment income	72,277
Benefit payments, including refunds of member contributions	(527,684)
Administrative expense	(276,527)
Net change in plan fiduciary net position	(160,434)
Plan fiduciary net position - beginning	14,433,541
PLAN FIDUCIARY NET POSITION - ENDING	\$ 14,273,107
EMPLOYER'S NET PENSION LIABILITY	\$ 1,603,455
Plan fiduciary net position as a percentage of the total pension liability	89.90%
Covered-employee payroll	\$ 3,784,712
Employer's net pension liability as a percentage of covered-employee payroll	42.37%

There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates. The mortality rates, disability rates, turnover rates and retirement rates have been changed to the new rates most recently published by the Illinois Department of Insurance (September 2012). Information presented as of December 31, 2015.

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

April 30, 2016

	2015	2016
Annual money-weighted rate of return, net of investment expense	7.60%	(2.75%)

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2016

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.

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

2. EXPENDITURES OVER BUDGET OF INDIVIDUAL DEPARTMENTS

The following funds/departments had expenditures that exceeded budget:

<u>Fund</u>	<u>Department</u>	<u>Budget</u>	<u>Expenditures</u>
General	Insurance	\$ 335,760	\$ 359,938
General	Fire Department	1,510,000	1,511,593

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

VILLAGE OF FOX LAKE, ILLINOIS

SCHEDULE OF DETAILED REVENUES -
BUDGET AND ACTUAL
GENERAL FUND

April 30, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
General	\$ 1,778,299	\$ 1,795,000	\$ 1,795,919	\$ 919
IMRF	127,178	128,000	128,290	290
Insurance	352,943	356,000	356,449	449
Fire protection	1,213,746	1,210,000	1,210,245	245
Utility tax - electricity	424,725	424,725	413,507	(11,218)
Utility tax - natural gas	105,000	91,217	94,522	3,305
Utility tax - telephone	216,928	212,145	216,348	4,203
Use tax	193,991	233,921	245,469	11,548
Hotel/motel taxes	5,500	4,750	5,147	397
Road and bridge taxes	126,478	133,000	133,801	801
Rental car taxes	30	30	77	47
Places for eating taxes	355,500	395,000	414,990	19,990
Video gaming proceeds	240,000	240,000	271,005	31,005
Total taxes	5,140,318	5,223,788	5,285,769	61,981
Intergovernmental revenues				
Income taxes	1,047,321	1,110,795	1,127,431	16,636
Personal property replacement tax	64,140	64,140	64,835	695
Personal property replacement tax - Antioch	76	76	-	(76)
Personal property replacement tax - Grant	1,633	1,633	-	(1,633)
Sales taxes	2,897,438	3,000,000	3,013,505	13,505
Total intergovernmental revenues	4,010,608	4,176,644	4,205,771	29,127
Franchise fees	130,000	130,000	145,779	15,779
Building and zoning fees				
Building permits	115,000	115,000	161,459	46,459
Zoning/public hearing fees	3,200	3,200	2,572	(628)
Zoning permits	1,500	1,500	500	(1,000)
Impact fees	8,000	67,000	92,000	25,000
Total building and zoning fees	127,700	186,700	256,531	69,831
Licenses and fees				
Vehicle stickers	-	75,000	80,209	5,209
Licenses - animals	1,050	700	730	30
Licenses - liquor	36,400	36,400	51,738	15,338
Licenses - business	30,000	24,000	28,889	4,889
Total licenses and fees	67,450	136,100	161,566	25,466

(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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)				
Park and recreation fees				
Program fees	\$ 90,200	\$ 90,200	\$ 72,533	\$ (17,667)
Donations - parks	100	100	50	(50)
Pace fees	1,040	1,560	2,183	623
	<hr/>	<hr/>	<hr/>	<hr/>
Park and recreation fees	91,340	91,860	74,766	(17,094)
	<hr/>	<hr/>	<hr/>	<hr/>
Public safety fines and fees				
Court fines	168,000	267,600	313,183	45,583
Court fines - DUI	13,200	7,800	6,549	(1,251)
Ordinance and parking fines	48,000	128,000	146,039	18,039
	<hr/>	<hr/>	<hr/>	<hr/>
Public safety fines and fees	229,200	403,400	465,771	62,371
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Public safety special revenue				
Forfeitures - seized assets	1,300	-	4,635	4,635
Police revenue - abandoned property	-	-	693	693
Police revenue - SRO	60,000	63,499	63,499	-
Police revenue - gaming tax	2,000	1,723	1,724	1
Police revenue - reports	1,800	3,500	4,270	770
	<hr/>	<hr/>	<hr/>	<hr/>
Total public safety special revenue	65,100	68,722	74,821	6,099
	<hr/>	<hr/>	<hr/>	<hr/>
Reimbursable income				
Admin reimbursable fees	-	-	35,338	35,338
Engineering reimbursable fees	77,700	30,000	27,163	(2,837)
Attorney reimbursable fees	2,000	4,200	9,598	5,398
Motor pool reimbursable expense	85,000	85,000	102,529	17,529
Fire department reimbursable expense	65,000	65,000	58,632	(6,368)
Insurance reimbursable	-	16,861	20,005	3,144
Public safety reimbursable expense	2,000	2,000	5,489	3,489
Streets reimbursable expense	-	-	2,594	2,594
Worker's compensation reimbursable expense	-	-	444	444
Employee/elected official reimbursable expense	200	10,876	10,738	(138)
	<hr/>	<hr/>	<hr/>	<hr/>
Total reimbursable income	231,900	213,937	272,530	58,593
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Grant revenue				
Grant revenue	40,000	63,000	30,807	(32,193)
Grant revenue - parks	800,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total grant revenue	840,000	63,000	30,807	(32,193)
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(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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)				
Garbage revenues				
Garbage fees	\$ 899,190	\$ 902,000	\$ 917,831	\$ 15,831
Garbage penalties	16,800	16,800	17,140	340
Recycling rebate	3,750	-	-	-
Total garbage revenues	919,740	918,800	934,971	16,171
Contractual revenue				
Rental income	98,987	98,987	107,481	8,494
Rental income - gun range	-	400	800	400
Rental income 911 center	11,400	11,400	-	(11,400)
Externality fee	228,861	351,861	346,993	(4,868)
Alarm royalty fees	7,000	7,000	5,135	(1,865)
Total contractual revenue	346,248	469,648	460,409	(9,239)
Other revenue				
Interest income	6,000	6,000	10,133	4,133
Mayor's run	400	4,400	4,469	69
Shop with a cop	-	23,267	23,267	-
Sale-fixed assets	10,000	10,000	5,239	(4,761)
Interfund service charges	1,151,984	1,326,768	-	(1,326,768)
Other revenue	-	7,200	9,611	2,411
Total other revenue	1,168,384	1,377,635	52,719	(1,324,916)
TOTAL REVENUES	\$ 13,367,988	\$ 13,460,234	\$ 12,422,210	\$ (1,038,024)

(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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT				
Expenditures				
Current				
General government				
Administration				
Wages	\$ 546,569	\$ 559,297	\$ 552,403	\$ (6,894)
Wages - elected officials	48,600	48,600	47,497	(1,103)
Wages - part-time	24,000	-	-	-
Overtime	-	1,800	1,394	(406)
Health insurance	65,088	85,317	57,743	(27,574)
Life insurance	469	452	355	(97)
Social Security and Medicare	41,196	42,128	44,600	2,472
IMRF	59,792	57,887	57,639	(248)
Building maintenance	18,375	18,375	25,960	7,585
Professional services	25,000	65,000	51,838	(13,162)
Audit services	7,102	8,264	8,264	-
Payroll service fees	4,000	9,450	9,363	(87)
Engineering services	-	-	728	728
Legal services	100,000	215,000	51,489	(163,511)
Technology	51,379	45,679	20,615	(25,064)
Postage	14,600	14,600	15,694	1,094
Photocopy	6,200	6,200	8,549	2,349
Printing	21,700	21,700	14,462	(7,238)
Recording fees	5,000	5,000	761	(4,239)
Publishing	7,000	7,000	7,858	858
Memberships	13,135	13,135	9,302	(3,833)
Travel	2,100	3,200	2,663	(537)
Training	8,150	8,150	3,219	(4,931)
Tuition reimbursement	1,500	1,500	393	(1,107)
Utilities	11,000	11,000	7,379	(3,621)
Credit card and bank charges	1,000	7,200	8,072	872
Property taxes	-	4,500	4,296	(204)
Taxi program	2,300	-	-	-
Building incentives	25,500	25,500	13,611	(11,889)
Building maintenance supplies	1,500	1,500	199	(1,301)
Office supplies	4,800	4,800	4,196	(604)
Operating supplies	6,000	6,000	3,176	(2,824)
Fuel	700	700	316	(384)
Software	8,000	8,000	7,603	(397)
Special events	5,500	5,500	3,755	(1,745)
Donations	-	-	6,548	6,548
Refunds	-	1,500	938	(562)
Employee recognition	2,000	2,000	2,423	423
Miscellaneous expense	1,000	1,000	1,272	272
Allocated expense	-	-	(588,443)	(588,443)
Total administration	1,140,255	1,316,934	468,130	(848,804)

(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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)				
Expenditures (Continued)				
Current (Continued)				
General government (Continued)				
Insurance				
Liability and workers' compensation insurance	\$ -	\$ 193,799	\$ 197,802	\$ 4,003
Insurance deductible expense	-	141,961	162,136	20,175
Total insurance	-	335,760	359,938	24,178
Total general government	1,140,255	1,652,694	828,068	(824,626)
PUBLIC SAFETY				
Expenditures				
Current				
Police department				
Wages - administration	562,437	489,189	478,073	(11,116)
Wages - part-time	75,850	75,850	43,357	(32,493)
Wages - sworn officers	1,658,288	1,627,957	1,629,237	1,280
Overtime	85,000	141,037	159,587	18,550
Health insurance	483,984	433,000	408,572	(24,428)
Life insurance	1,977	1,789	1,675	(114)
Unemployment insurance	-	-	1,940	1,940
Social Security and Medicare	44,416	47,596	47,722	126
IMRF	17,111	13,485	13,565	80
Police pension - taxes	486,206	486,206	492,803	6,597
Police pension - Village portion	200,000	200,000	200,000	-
Building maintenance	37,275	37,275	39,124	1,849
Equipment maintenance	38,850	26,000	21,437	(4,563)
Vehicle maintenance	4,800	6,647	10,468	3,821
Professional services	68,900	250,000	249,110	(890)
Legal services	70,250	235,000	228,687	(6,313)
Dispatching	645,000	660,000	523,846	(136,154)
Animal care and control	2,000	1,500	452	(1,048)
Technology	77,650	77,650	62,519	(15,131)
Postage	2,500	1,500	1,112	(388)
Printing	6,100	6,100	3,770	(2,330)
Publishing	2,000	-	50	50
Memberships	-	2,200	1,582	(618)
Travel	2,400	300	291	(9)
Training	22,400	22,400	4,576	(17,824)
Utilities	20,700	20,700	17,601	(3,099)
Office supplies	5,500	5,500	6,782	1,282
Operating supplies	39,250	31,000	12,413	(18,587)
Community relations	3,000	3,000	924	(2,076)
Uniforms	12,000	9,000	7,550	(1,450)
Fuel	96,250	60,000	46,798	(13,202)

(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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)				
Expenditures (Continued)				
Current (Continued)				
Police department (Continued)				
Employee recognition	\$ 2,000	\$ 1,500	\$ 233	\$ (1,267)
Shop with a cop	-	5,570	5,560	(10)
DUI expense	12,000	2,000	479	(1,521)
Drug seizure expense	8,500	8,500	8,001	(499)
Allocated expense	-	-	(356,029)	(356,029)
Total police department	4,794,594	4,989,451	4,373,867	(615,584)
Police and Fire Commission				
Wages	4,000	4,000	2,625	(1,375)
Social Security and Medicare	306	306	201	(105)
Professional services	8,000	300	910	610
Postage	150	-	-	-
Publishing	500	-	-	-
Memberships	500	625	625	-
Travel	2,400	1,000	966	(34)
Training	2,700	1,000	978	(22)
Office supplies	500	100	59	(41)
Total Police and Fire Commission	19,056	7,331	6,364	(967)
Fire department				
Fire department billable expenses	65,000	65,000	66,377	1,377
Real estate tax distribution	1,213,746	1,210,000	1,210,216	216
Fire department contribution	235,000	235,000	235,000	-
Total fire department	1,513,746	1,510,000	1,511,593	1,593
Total public safety	6,327,396	6,506,782	5,891,824	(614,958)
PUBLIC WORKS				
Expenditures				
Current				
Streets				
Wages	490,422	483,197	483,949	752
Wages - part-time	16,500	6,000	2,899	(3,101)
Overtime	40,000	25,000	12,418	(12,582)
Health insurance	126,673	115,291	103,179	(12,112)
Life insurance	670	648	604	(44)
Social Security and Medicare	41,681	39,712	41,910	2,198
IMRF	56,481	51,633	49,483	(2,150)
Building maintenance	45,000	15,000	1,842	(13,158)
Equipment maintenance	2,200	2,200	1,135	(1,065)
Street maintenance	41,500	20,000	8,479	(11,521)
Parks maintenance	-	-	225	225
Professional services	20,760	20,760	6,795	(13,965)

(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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)				
Expenditures (Continued)				
Current (Continued)				
Streets (Continued)				
Engineering services	\$ 41,000	\$ 41,000	\$ 17,648	\$ (23,352)
Technology	1,750	1,750	-	(1,750)
Postage	100	12	12	-
Memberships	650	650	265	(385)
Training	1,000	1,000	395	(605)
Utilities	10,500	10,500	7,249	(3,251)
Electricity charges	96,000	84,000	85,195	1,195
Rentals	750	750	-	(750)
Building maintenance supplies	43,300	80,000	73,188	(6,812)
Equipment maintenance supplies	7,500	2,000	1,287	(713)
Office supplies	1,200	800	476	(324)
Operating supplies	48,000	41,000	35,535	(5,465)
Small tools	6,000	6,000	5,007	(993)
Uniforms	6,912	6,912	6,937	25
Stone and concrete	20,000	5,000	1,312	(3,688)
Sign program	15,000	4,000	1,001	(2,999)
Chemicals	-	4,000	2,927	(1,073)
Fuel	50,648	35,000	26,531	(8,469)
Employee recognition	500	500	351	(149)
Allocated expense	-	-	(78,360)	(78,360)
Total streets	1,232,697	1,104,315	899,874	(204,441)
Motor pool				
Wages	234,953	236,219	237,313	1,094
Overtime	5,000	2,500	1,490	(1,010)
Health insurance	49,928	46,738	40,742	(5,996)
Life insurance	268	268	252	(16)
Social Security and Medicare	18,253	18,062	18,318	256
IMRF	25,907	25,907	21,295	(4,612)
Building maintenance	2,500	2,500	575	(1,925)
Professional services	2,000	800	1,174	374
Motor pool reimbursable expense	13,275	7,500	3,219	(4,281)
Technology	6,195	6,195	4,494	(1,701)
Memberships	500	500	370	(130)
Training	1,300	1,300	740	(560)
Utilities	900	900	872	(28)
Building maintenance supplies	22,050	2,050	1,105	(945)
Office supplies	700	700	673	(27)
Operating supplies	155,491	138,491	132,426	(6,065)
Small tools	8,040	8,040	8,505	465
Uniforms	3,000	3,000	1,950	(1,050)
Fuel	3,138	2,000	1,603	(397)
Employee recognition	200	200	42	(158)
Total motor pool	553,598	503,870	477,158	(26,712)

(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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)				
Expenditures (Continued)				
Current (Continued)				
Garbage				
Postage	\$ 1,000	\$ 1,000	\$ 999	\$ (1)
Refunds	-	-	498	498
Garbage disposal	891,362	891,362	890,252	(1,110)
Total garbage	892,362	892,362	891,749	(613)
Total public works	2,678,657	2,500,547	2,268,781	(231,766)
PARKS AND RECREATION				
Expenditures				
Current				
Parks and recreation				
Wages	50,000	50,000	49,487	(513)
Wages - part-time	21,800	21,800	26,683	4,883
Health insurance	1,500	1,500	1,593	93
Life insurance	67	67	63	(4)
Social Security and Medicare	5,493	5,493	5,914	421
IMRF	5,717	5,437	5,138	(299)
Building maintenance	12,150	13,650	17,742	4,092
Equipment maintenance	2,900	818	818	-
Professional services	27,975	27,150	24,922	(2,228)
Technology	1,000	100	95	(5)
Postage	5,240	2,200	250	(1,950)
Printing	9,950	5,200	1,809	(3,391)
Advertising	4,517	4,517	3,330	(1,187)
Memberships	1,179	1,179	892	(287)
Travel	940	940	304	(636)
Training	950	950	585	(365)
Utilities	11,700	8,200	8,140	(60)
Pace program - rental fee	2,800	1,500	1,265	(235)
Building maintenance supplies	10,800	10,800	7,376	(3,424)
Office supplies	15,100	4,000	2,821	(1,179)
Operating supplies	1,000	500	256	(244)
Fuel	2,000	1,500	1,006	(494)
Employee recognition	100	100	19	(81)
Refunds	2,000	2,000	1,115	(885)
Special events	10,000	10,000	10,115	115
Grants	2,000	-	9,569	9,569
Programs	113,400	105,000	96,923	(8,077)
Total parks and recreation	322,278	284,601	278,230	(6,371)

(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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
COMMUNITY DEVELOPMENT				
Expenditures				
Current				
Community development				
Wages	\$ 156,694	\$ 170,773	\$ 160,314	\$ (10,459)
Wages - part-time	34,150	34,380	24,245	(10,135)
Overtime	-	-	45	45
Health insurance	58,521	63,746	45,585	(18,161)
Life insurance	201	223	189	(34)
Social Security and Medicare	12,096	14,288	13,270	(1,018)
IMRF	16,151	18,386	16,903	(1,483)
Equipment maintenance	-	1,677	1,677	-
Professional services	52,908	32,908	8,487	(24,421)
Engineering services	20,000	10,000	2,297	(7,703)
Billable engineering fees	12,000	22,000	27,250	5,250
Billable building and zoning expense	200	2,000	2,461	461
Billable attorney fees	8,000	5,000	8,515	3,515
Technology	9,940	17,940	12,283	(5,657)
Postage	2,000	750	411	(339)
Printing	5,000	2,000	1,624	(376)
Publishing	2,500	1,000	312	(688)
Memberships	1,910	1,910	1,260	(650)
Travel	250	250	197	(53)
Training	3,000	2,000	910	(1,090)
Utilities	840	1,500	1,720	220
Office supplies	5,000	2,500	2,099	(401)
Community programs	30,000	30,000	25,990	(4,010)
Uniforms	250	250	149	(101)
Signs	15,000	10,000	7,948	(2,052)
Refunds	-	35	35	-
Fuel	2,000	1,500	1,352	(148)
Employee recognition	100	100	-	(100)
Total community development	448,711	447,116	367,528	(79,588)
GRANT EXPENSE				
Park	886,600	-	-	-
Total grant expense	886,600	-	-	-
CAPITAL OUTLAY				
Expenditures				
Current				
Capital outlay - administration	337,000	62,000	-	(62,000)
Capital outlay - motor pool	111,000	40,000	3,181	(36,819)
Capital outlay - streets	1,342,500	1,460,965	1,156,624	(304,341)
Total capital outlay	1,790,500	1,562,965	1,159,805	(403,160)

(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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
DEBT SERVICE				
Expenditures				
Current				
Principal	\$ 436,322	\$ 436,644	\$ 436,315	\$ (329)
Interest	175,104	175,104	147,230	(27,874)
Total debt service	<u>611,426</u>	<u>611,748</u>	<u>583,545</u>	<u>(28,203)</u>
TOTAL EXPENDITURES	<u>\$ 14,205,823</u>	<u>\$ 13,566,453</u>	<u>\$ 11,377,781</u>	<u>\$ (2,188,672)</u>

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2016

	<u>Special Revenue</u>		
	<u>Tax Increment Financing</u>	<u>Motor Fuel Tax</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 300,802	\$ 969,418	\$ 1,270,220
Receivables, net			
Property taxes	37,006	-	37,006
Intergovernmental	-	24,076	24,076
Inventories	-	30,654	30,654
TOTAL ASSETS	<u>\$ 337,808</u>	<u>\$ 1,024,148</u>	<u>\$ 1,361,956</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 693	\$ 9,454	\$ 10,147
Due to other funds	43	-	43
Total liabilities	<u>736</u>	<u>9,454</u>	<u>10,190</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	37,006	-	37,006
Total deferred inflows of resources	<u>37,006</u>	<u>-</u>	<u>37,006</u>
Total liabilities and deferred inflows of resources	<u>37,742</u>	<u>9,454</u>	<u>47,196</u>
FUND BALANCES			
Nonspendable for inventory	-	30,654	30,654
Restricted for economic development	300,066	-	300,066
Restricted for maintenance of roadways	-	984,040	984,040
Total fund balances	<u>300,066</u>	<u>1,014,694</u>	<u>1,314,760</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 337,808</u>	<u>\$ 1,024,148</u>	<u>\$ 1,361,956</u>

(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, 2016

	Special Revenue		
	Tax	Motor	
	Increment	Fuel	
	Financing	Tax	Total
REVENUES			
Taxes	\$ 37,321	\$ -	\$ 37,321
Intergovernmental	-	281,019	281,019
Investment income	661	550	1,211
Total revenues	37,982	281,569	319,551
EXPENDITURES			
Current			
Public works	-	137,937	137,937
Community development	9,102	-	9,102
Total expenditures	9,102	137,937	147,039
NET CHANGE IN FUND BALANCES	28,880	143,632	172,512
FUND BALANCES, MAY 1	271,186	871,062	1,142,248
FUND BALANCES, APRIL 30	\$ 300,066	\$ 1,014,694	\$ 1,314,760

(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, 2016

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 36,327	\$ 37,321	\$ 994
Investment income	-	661	661
Total revenues	<u>36,327</u>	<u>37,982</u>	<u>1,655</u>
EXPENDITURES			
Current			
Community development	<u>22,808</u>	<u>9,102</u>	<u>(13,706)</u>
Total expenditures	<u>22,808</u>	<u>9,102</u>	<u>(13,706)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 13,519</u>	<u>28,880</u>	<u>\$ (12,051)</u>
FUND BALANCE, MAY 1		<u>271,186</u>	
FUND BALANCE, APRIL 30		<u>\$ 300,066</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES				
Intergovernmental				
Allotments earned	\$ 252,627	\$ 271,855	\$ 281,019	\$ 9,164
Investment income	-	-	550	550
	<hr/>			
Total revenues	252,627	271,855	281,569	9,714
	<hr/>			
EXPENDITURES				
Current				
Public works				
Public works	356,631	276,631	137,937	(138,694)
Capital outlay	100,000	100,000	-	(100,000)
	<hr/>			
Total expenditures	456,631	376,631	137,937	(238,694)
	<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (204,004)</u>	<u>\$ (104,776)</u>	143,632	<u>\$ 248,408</u>
FUND BALANCE, MAY 1			<u>871,062</u>	
FUND BALANCE, APRIL 30			<u><u>\$ 1,014,694</u></u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Water sales	\$ 3,800,000	\$ 3,762,361	\$ 3,727,674	\$ (34,687)
Tap-on fees	37,600	56,000	212,029	156,029
Miscellaneous	67,741	160,455	210,409	49,954
Total operating revenues	<u>3,905,341</u>	<u>3,978,816</u>	<u>4,150,112</u>	<u>171,296</u>
OPERATING EXPENSES				
Personnel services	780,727	766,868	797,765	30,897
Contractual services/commodities	1,719,611	1,738,806	1,376,920	(361,886)
Depreciation	700,882	700,882	636,055	(64,827)
Total operating expenses	<u>3,201,220</u>	<u>3,206,556</u>	<u>2,810,740</u>	<u>(395,816)</u>
OPERATING INCOME	<u>704,121</u>	<u>772,260</u>	<u>1,339,372</u>	<u>567,112</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	2,500	2,500	4,763	2,263
Proceeds from IEPA loan	568,507	1,021,521	1,114,254	92,733
Interest expense	(146,364)	(169,650)	(128,208)	41,442
Bond issuance costs	(20,000)	-	-	-
Principal expense	(567,675)	(614,440)	(510,829)	103,611
Total non-operating revenues (expenses)	<u>(163,032)</u>	<u>239,931</u>	<u>479,980</u>	<u>240,049</u>
INCOME BEFORE TRANSFERS	<u>541,089</u>	<u>1,012,191</u>	<u>1,819,352</u>	<u>807,161</u>
Transfers in	<u>-</u>	<u>2,621,280</u>	<u>-</u>	<u>(2,621,280)</u>
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ 541,089</u>	<u>\$ 3,633,471</u>	<u>1,819,352</u>	<u>\$ (1,814,119)</u>
ADJUSTMENTS TO GAAP BASIS				
Proceeds from IEPA loan			(1,114,254)	
Principal expense			<u>510,829</u>	
Total adjustments to GAAP basis			<u>(603,425)</u>	
CHANGE IN NET POSITION GAAP BASIS			<u>1,215,927</u>	
NET POSITION, MAY 1			13,832,681	
Restatement			<u>7,389</u>	
NET POSITION, MAY 1, AS RESTATED			<u>13,840,070</u>	
NET POSITION, APRIL 30			<u>\$ 15,055,997</u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Sewer charges	\$ 4,785,800	\$ 4,793,000	\$ 4,742,361	\$ (50,639)
Tap-on fees	300,000	150,000	219,540	69,540
Miscellaneous	-	10,000	2,875	(7,125)
Total operating revenues	<u>5,085,800</u>	<u>4,953,000</u>	<u>4,964,776</u>	<u>11,776</u>
OPERATING EXPENSES				
Personnel services	1,581,498	1,516,555	1,594,676	78,121
Contractual services/commodities	2,955,747	3,172,240	2,728,704	(443,536)
Depreciation	1,919,146	1,919,146	1,845,178	(73,968)
Total operating expenses	<u>6,456,391</u>	<u>6,607,941</u>	<u>6,168,558</u>	<u>(439,383)</u>
OPERATING INCOME (LOSS)	<u>(1,370,591)</u>	<u>(1,654,941)</u>	<u>(1,203,782)</u>	<u>451,159</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	12,000	12,000	19,182	7,182
Total non-operating revenues (expenses)	<u>12,000</u>	<u>12,000</u>	<u>19,182</u>	<u>7,182</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,358,591)</u>	<u>(1,642,941)</u>	<u>(1,184,600)</u>	<u>458,341</u>
TRANSFERS				
Transfers in	-	9,084,000	-	(9,084,000)
Total transfers	<u>-</u>	<u>9,084,000</u>	<u>-</u>	<u>(9,084,000)</u>
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ (1,358,591)</u>	<u>\$ (1,642,941)</u>	<u>(1,184,600)</u>	<u>\$ 458,341</u>
NET POSITION, MAY 1			51,925,838	
Restatement			<u>(55,602)</u>	
NET POSITION, MAY 1, AS RESTATED			<u>51,870,236</u>	
NET POSITION, APRIL 30			<u>\$ 50,685,636</u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
911 fees	\$ 97,500	\$ 97,500	\$ 113,775	\$ 16,275
Fees for services	945,000	960,000	813,963	(146,037)
Miscellaneous	-	-	761	761
Total operating revenues	<u>1,042,500</u>	<u>1,057,500</u>	<u>928,499</u>	<u>(129,001)</u>
OPERATING EXPENSES				
Personnel services	788,473	807,767	831,999	24,232
Contractual services/commodities	194,237	208,796	156,223	(52,573)
Depreciation	40,000	40,000	12,429	(27,571)
Total operating expenses	<u>1,022,710</u>	<u>1,056,563</u>	<u>1,000,651</u>	<u>(55,912)</u>
OPERATING INCOME (LOSS)	<u>19,790</u>	<u>937</u>	<u>(72,152)</u>	<u>(73,089)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	-	139	139
Interest expense	(1,480)	(1,480)	(1,151)	329
Principal expense	(7,150)	(7,150)	(7,336)	(186)
Total non-operating revenues (expenses)	<u>(8,630)</u>	<u>(8,630)</u>	<u>(8,348)</u>	<u>282</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>11,160</u>	<u>(7,693)</u>	<u>(80,500)</u>	<u>(72,807)</u>
TRANSFERS				
Transfers in	-	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ 11,160</u>	<u>\$ (7,693)</u>	<u>(80,500)</u>	<u>\$ (72,807)</u>
ADJUSTMENTS TO GAAP BASIS				
Principal expense			<u>7,336</u>	
Total adjustments to GAAP basis			<u>7,336</u>	
CHANGE IN NET POSITION GAAP BASIS			<u>(73,164)</u>	
NET POSITION, MAY 1			23,635	
Restatement			<u>5,724</u>	
NET POSITION, MAY 1, AS RESTATED			<u>29,359</u>	
NET POSITION, APRIL 30			<u>\$ (43,805)</u>	

(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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
OPERATING REVENUES				
Parking fees	\$ 125,000	\$ 120,000	\$ 119,658	\$ (342)
Total operating revenues	<u>125,000</u>	<u>120,000</u>	<u>119,658</u>	<u>(342)</u>
OPERATING EXPENSES				
Personnel services	28,434	28,313	30,720	2,407
Contractual services/commodities	184,859	75,441	52,006	(23,435)
Depreciation	5,036	5,036	5,036	-
Total operating expenses	<u>218,329</u>	<u>108,790</u>	<u>87,762</u>	<u>(21,028)</u>
OPERATING INCOME (LOSS)	<u>(93,329)</u>	<u>11,210</u>	<u>31,896</u>	<u>20,686</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	-	43	43
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>43</u>	<u>43</u>
CHANGE IN NET POSITION (BUDGETARY BASIS)	<u>\$ (93,329)</u>	<u>\$ 11,210</u>	<u>31,939</u>	<u>\$ 20,729</u>
NET POSITION, MAY 1			240,800	
Restatement			<u>208</u>	
NET POSITION, MAY 1, AS RESTATED			<u>241,008</u>	
NET POSITION, APRIL 30			<u><u>\$ 272,947</u></u>	

(See independent auditor's report.)

VILLAGE OF FOX LAKE, ILLINOIS

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

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
ADDITIONS				
Contributions				
Employer contributions	\$ 715,716	\$ 723,689	\$ 692,803	\$ (30,886)
Plan members contributions	200,974	206,261	196,573	(9,688)
Total contributions	<u>916,690</u>	<u>929,950</u>	<u>889,376</u>	<u>(40,574)</u>
Investment income				
Net appreciation in fair value of investments	-	-	(695,320)	(695,320)
Investment income	-	-	327,406	327,406
Total investment income	-	-	<u>(367,914)</u>	<u>(367,914)</u>
Less investment expense	-	(22,000)	(27,207)	(5,207)
Net investment income	-	<u>(22,000)</u>	<u>(395,121)</u>	<u>(373,121)</u>
Total additions	<u>916,690</u>	<u>907,950</u>	<u>494,255</u>	<u>(413,695)</u>
DEDUCTIONS				
Pension benefits and refunds	489,600	577,944	554,151	(23,793)
Administration				
Fees	27,225	30,826	30,603	(223)
Total deductions	<u>516,825</u>	<u>608,770</u>	<u>584,754</u>	<u>(24,016)</u>
NET INCREASE (DECREASE)	<u>\$ 399,865</u>	<u>\$ 299,180</u>	<u>(90,499)</u>	<u>\$ (389,679)</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS				
May 1			<u>14,081,905</u>	
April 30			<u>\$ 13,991,406</u>	

(See independent auditor's report.)